THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 2, 1941

Japanese Move into Southern Indo-China; Thailand Next Most Likely Victim

U.S.-Britain Smite Japan

What Next?

AN EDITORIAL

Freezing Effects on Shanghai

BY JOHN AHLERS

Mission Schools in China Lack Legal Status

By Toshio Uyeda

VOLUME 97 PRICE 80 CENTS (in China) NUMBER 9

China's Best

美麗牌香烟

My Dear

CIGARETTES

A leading product of

HWA CHING TOBACCO CO., LTD.

SOLD EVERYWHERE

春青寶

BIOZYGEN

(DRY YEAST PREPARATION)

Treated With Ultra-Violet Rays

Biozygen, a dry Vitamin Yeast of a light yellowish powder, is the richest product in Vitamin B1 and B2 in existence. It contains large quantities of Glutathion, a substance indispensable for keeping the tissues healthy and alive and for destroying those manifold toxic substances that enter into or develop within the body.

Biozygen contains the entire Vitamin B complex. 100gm. of *Biozygen* contain 3000-4000 international units equivalent to 2000-2500 biological units of Vitamin B1 besides 1500 biological units of Vitamin B2. It shows a highly benificial effect in cases of Anemia, Diabetes, Furunclosis, Seborrhoe, being especially helpful to convalescent patients.

Biozygen is furnished without salt and therefore highly appropriate for saltless diets in diseases of the gall bladder, kidneys, heart, stomach, bowels, and in epilepsy. It can be added in small quantities (10g. =½oz. per day for any person) to soups or vegetables at the beginning of the cooking process. It is important to know that in order to avert the danger of *Biozygen* becoming disagreeable to the taste when taken for any length of time, it is advisable to add it to soups, vegetables, etc. at the beginning of cooking.

Prepared By:

The New Asiatic Chemical Works, Ltd.

1095 Sinza Road, Shanghai, China

Packing:

Powder; in bottle of 25 gm., 50 gm., 100 gm., and 500 gm.
Tablets; in bottle of 50, 100, 200, 300 and 1,000 of 0.25 gm.
Liquid; in bottle of 60 c.c. and 120 c.c.

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

THE QUISLINGS

To the Editor:

I remember I once read in a newspaper some uncensored news about Norway broadcast by Mr. K. A. Persen, who alleged that the Quislings in that country have served their Nazi boss at the expense of their fellow nationals in such a way that even waiters in foreign places despise them. Swedish waiters on a train, which several Quislings were taking to proceed to Germany via Sweden, refused to serve them drinks on the ground that they were traitors and betrayers of the nation.

I cannot help thinking of the Chinese "quislings" here who are running errands for the Japanese even more loyally than dogs serving their master. They bow deeply before the Japanese and style themselves nationals of a "defeated country," expressing hope that the Japanese might guide them to "rejuvenation." Their power and fortunes are built upon oppression of their fellow nationals, but they are at the mercy of their Nipponese master. I do not know whether they have "face" to meet foreigners in other countries. I am sure that when they take a trip to foreign countries some day, foreign waiters will tell them that they dislike to serve traitors and puppets of the Japanese. Most probably they will never have such chance, for they are fully aware that overseas Chinese, patriotic as they are, will show them what should be done to traitors and puppets.

HARRY YOUNG

Shanghai, July 22, 1941

AXIS RECOGNITION

To the Editor:

It is a well-known fact that the Nanking puppet government, planted in China by the Japanese, does not represent the Chinese people. Nevertheless, the Nazi government of Germany and the Fascist government of Italy recognized Nanking on July 1, thereby committing an act unfriendly to China and perpetrating an insult to the Chinese people.

The democratic governments of Britain and the U.S.A. have reiterated their intention of continuing to recognize the Chungking regime as the only legal government of China. Even the Vichy government does not recognize Nanking, but maintains normal relations with Chungking.

Axis recognition of Nanking actually makes no difference to the situation. The Axis powers will recognize a government today and attempt to destroy it tomorrow.

China has broken off relations with the Axis powers, and has joined with the democracies against the aggressors in Europe as well as in Asia. The final victory will belong to the democracies.

MU WEN-FU

Chungking, July 13, 1941

JAPAN'S COURSE

To the Editor:

The collapse of Japanese Cabinet once again is indicative of the inability to cope with the domestic and international situation facing Japan. It also clearly exposes the inefficiency shown off by the present administrators of Japan which have become deterioration and uncertainty as a result of Nazi-Soviet war. The sudden collapse of Japanese Cabinet may attribute to the division of opinion maintained between two factors which apparently have become more acute as to which course Japan would take following the transformation of international situation.

It is clear that Japan has made a mess of the thing in invading China whose gallant resistance in the past four years prove a headache to Japan and cause Japan to suffer the pain of extremity. However she has strained every nerve possible in order to extricate from such an embarrassing situation which lead will-nigh to the collapse of Cabinet for scores of time.

Judging from the future trend of development, there are two courses likely to be adopted by the new Cabinet; one is to strike northward and the other is to strike southward. With Germany' victory still obscure, Japan will most likely attempt an advance toward southward with French Indo-China as her objective in the hope of gaining the complete control of the resources and facilities in that region and thus paving the way for future adventures in the South.

A. WANG

Shanghai, July 22, 1941

DEAN MARTIN

To the Editor:

It is utterly beyond my power to describe my sorrow when I heard of the death of the great journalistic educationist, Prof. Martin, Dean of the School of Journalism, University of Missouri. He was the founder of the School of Journalism, Yenching University, Peiping. Loving the Chinese students heartily, Prof. Martin often helped those students of Journalism who had not enough money for further study in Columbia.

He was not only a helper of his own state but also a friend of all the journalists and correspondents throughout the world. He dedicated his whole life to Journalism. His spirit is immortal.

It was learned that he would come to China this year to establish a Journalism Department at St. John's University. Now he is gone. He will never come to China. It is a great loss to Chinese students of Journalism, especially to those who study in St. John's. I hope that there will be some other professors of journalism in the United

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, WENDELL FURNAS,

HOH CHIH-HSIANG, *Assistant Editors.*

C. Y. W. MENG, S. T. HSIEH, *Correspondents.*

F. K. CHAO, *Business Manager;* TRYPHON V. KU, *Advertising Manager*

JAMES Y. M. WU, *Circulation Manager*

Index for August 2, 1941

Editorial Paragraphs

What Next? 263
U.S. Issues Texts of General Licenses Governing Trade Transactions in Shanghai and China 267
Text of Washington Statement 268
Nantao Police Chief Moves into Pan's Bailiwick 269

Special Articles

Freezing of Japanese Assets a Blow to Shanghai Trade ..... *By John Ahlers* 265
Chiang Asks Closer Collaboration Between China, Friendly Powers 272
Red Army Smashes Mighty German Offensives; Nazis Fail in Smolensk-Moscow Drive 273
Japanese Move into Southern French Indo-China; Thailand Seen as Next Most Likely Victim 274
Mission Schools in China Have no Legal Status, Former Professor of Tung Wen Discovers ..... *By Toshio Uyeda* 282
Chengtu and Chungking Subjected to Japanese Aerial Bombardments 285

Departments

What People Are Saying 261
Who's Who in China 287
People in the News 288
Events in Brief 289
New Books of Interest in the Far East 291

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, THIRTY-FIVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN, ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG, SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL.. TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE, INCLUDING POSTAGE, IS $138.00 A YEAR OR $70.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 9953 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA.

States who will come to China and who will improve journalism in China in the near future according to Dean Martin's idea.

H. L. CHIN

Shanghai, July 24, 1941

THE MORTALITY RATE

To the Editor:

Your editorial appearing in the issue of your magazine for July 26 presents a very dark picture. Are you correct in basing your conclusions on the disparity between the birth records as kept by the Settlement authorities and the number of recorded or known deaths? Have all births been registered with the authorities?

If the disproportion is as described, would there not very soon be visible evidence of such reduction of population? Is this the case? Is there any reason for concluding that the houses and streets of this city are less crowded than, say, one year ago? If not, from what source is the population being replenished??

Instead of a mere recording of the facts of the situation, as you see them, would it not have been advisable to have made some sort of recommendation as to practicable means whereby conditions may be substantially improved?

V. R. BUTTS

Shanghai, July 26, 1941

Editor's Note:— If we were to assume that only one of every three Chinese births is recorded with the Settlement authorities, that would give us 1,908 births in June as against 3,920 deaths. In other words, two Chinese die for every one born. There will not necessarily be any visible evidence of depopulation of the city, because refugees are still flocking to Shanghai from the hinterland at a considerable rate. The fact that we have no ready-made scheme for altering the present sad state of affairs is no reason for witholding or ignoring the facts. Exposure of evil conditions is the first step towards a remedy.

THE "V" MOVEMENT

To the Editor:

We hereby respond the "V" movement now held in Europe and America. We firmly believe that the "Final Victory" is certainly in the hands of the Democracies and that the people under the severe pressure of Axis Orbit will regain their freedom in near future.

A GROUP OF CHINESE

Shanghai, July 24, 1941

Editor's Note:— For the information of our readers, the "V" movement is a game recently started in Europe and in England by juvenile grown-ups. They chalk or paint the letters "V" (standing for victory) on walls and sidewalks, and tap out the letter in morse signals (three dots and a dash). The Germans were so intrigued with the game that they have taken it up enthusiastically and even claim that they originated it, which made the editor of the North-China Daily News very angry. It's good for the paint and chalk business but rough on the finger tips —if you happen to be a real enthusiast.

AMERICAN STOCK AND COMMODITY QUOTATIONS

July 30, 1941

STOCKS

Amer. Locomotive	14½
Amer. Waterworks	4⅞
Anaconda Copper	29¼
Bethlehem Steel	77⅝
Chrysler	57¾
Elec. Bond & Sh.	2⅝
Gen. Motors	39¼
Goodyear T. & R.	20⅝
Gt. Nthrn. Rly., pfd.	27¾
Lockheed Aircraft	26¼
Mont. Ward	34⅝
N. Y. Central	13½
Texas Corp	44½
U. S. Steel	59¼

COMMODITIES

New York Cotton, Oct.	16.43/43
New York Rubber, Sept.	22.50B/65A
New York Hides, Dec.	14.42B
Chicago Wheat Sept.	106½/106⅝
Chicago Corn, Sept.	75⅛/75⅛
New York Sugar, No. 4, Sept.	1.37B/38A

B—Bid. A—Asked.

MAGNETIC INTERFERENCE WORKS AS A "5th column" IN YOUR WATCH

Most good watches are guarded against the effects of dust and moisture. Tissot, however, is also protected against Electro-magnetism. Like a "5th column" Electro-magnetism works unseen and unsuspected, striking at the heart of your watch, disrupting its movement and often stopping it completely.

The Tissot watch is specially constructed to repel the forces of Electro-magnetism and keep correct time under conditions which would otherwise affect even the best type of timepiece. You can safely wear a Tissot watch within the vicinity of radios, telephones, or even power houses—danger zones for watches that are not non-magnetic. Obtainable at all high class jewellers and department stores.

Tissot

THE NON-MAGNETIC WATCH OF GUARANTEED QUALITY

SOLE AGENTS CROBEST LIMITED 320 KIANGSE ROAD

NATIONAL CITY BANK OF NEW YORK EXCHANGE RATES

Shanghai Rate of Exchange, during July 25—31, 1941

	Fri.	Sat.	Mon.	Tue.	Wed.	Thur.
Demand Selling rate on N.Y. ... ... U.S.$1.	=Sh.$18.82	=Sh.$19.51	=Sh.$19.51	=Sh.$19.28	=Sh.$19.28	=Sh.$19.28
Demand Buying rate on N.Y. ... ... U.S.$1.	=Sh.$18.39	=Sh.$18.60	=Sh.$18.82	=Sh.$18.60	=Sh.$18.60	=Sh.$18.60
Demand Selling rate on London ... £1-0-0	=Sh.$74.56	=Sh.$77.57	=Sh.$78.37	=Sh.$76.80	=Sh.$76.80	= no rate
Demand Buying rate on London ... £1-0-0	=Sh.$71.77	=Sh.$73.14	=Sh.$74.56	=Sh.$73.85	=Sh.$73.14	= no rate

HONGKONG & SHANGHAI BANKING CORPORATION

Selling rate during July 25—31, 1941

Shanghai $100. equals Yen	22⅛	24⅛	no rate	no rate	no rate	no rate
Shanghai $100. equals Guilders	9⅞	9⅞	9⅛	9⅛	9⅛	9⅛
Shanghai $100. equals Rupees	17⅞	17⅞	17½	17½	17½	17⅝
Shanghai $100. equals Pesos	10⅛	no rate	10½	10½	10⅛	10½
Shanghai $100. equals Hongkong $	21⅛	21⅛	20⅞	20⅞	21	20⅞

THE CHINA WEEKLY REVIEW
密勒氏評論報
中華郵政特准掛號認為新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Vol. 97 Shanghai, Saturday, August 2, 1941 No. 9

WHAT NEXT?

THE crisis which has been brewing in the Pacific for a full decade is rapidly coming to a head. Its original nucleus was established when the Japanese Army walked into Manchuria in the fall of 1931. In the ensuing years, Japan nibbled away tenaciously at North China. During the last four years she has been trying to conquer all China and convert it into a Japanese colony.

Last year, taking advantage of France's defeat in Europe, the Tokyo imperialists forced the French Indo-China government into making important military and economic concessions. They sought with assiduity to bring Thailand and the Netherlands East Indies under Japan's domination. In the case of Thailand they have partly succeeded, but in the case of the N.E.I. they suffered a grievous setback. Now the Japanese army has walked into the rest of French Indo-China and the threat to Thailand and the N.E.I. has become more immediate.

In all her moves during the past ten years Japan has trampled under foot or seriously undermined the rights and interests of other Powers in the Pacific. The only retort she got was paper protests. But two years ago, the United States abrogated its commercial treaty with Japan. This move made it evident that really serious counter-measures were in contemplation. Last week they began when the United States, acting in concert with Great Britain, froze Japan's assets.

The precise effect which this move will have on Japan's relations with the United States and the British Empire will depend on Japan's behavior from now onward. If, using her new positions in southern French Indo-China, Japan now sets out to subjugate Thailand, or seriously threatens Burma, Malaya or the Netherlands East Indies, she will immediately feel the full weight of Anglo-American economic sanctions. Japan's foreign trade will be effectively dammed. She will get no more petroleum from the United States. This will force her to attempt the seizure of the Netherlands East Indies, and that, in turn, will bring her into armed conflict with Britain and the United States—a conflict which Japanese statesmen, in their more sober moments, can only regard with the gravest misgiving.

At the moment, there is nothing to suggest that the full weight of Anglo-American economic sanctions will be thrown against Japan. If Japan goes no further than her present bloodless conquest in French Indo-China the licensing system instituted by the United States and the British Empire is not likely to be operated with much severity. Trade with Japan may be somewhat restricted, but it will continue. There will not be war.

Japan has moved into Indo-China at this time because she felt reasonably assured that such a move would not involve her in war with the United States and Great Britain. On the positive side, Japan was motivated by a dual consideration, economic and strategic.

The Hanoi agreements of last year had not been yielding Japan all that she requires in the way of rice and other supplies. And meanwhile Japan's economic difficulties have been growing instead of diminishing. Thus, despite assurances in both Tokyo and Vichy that the Japanese occupation of French Indo-China is only a "temporary measure" of defense, it can be confidently predicted that the colony will come completely and permanently under Japanese control and that all phases of its life and activity, and all its resources, will be made to subserve Japanese interests.

Strategically, Japan is brought nearer to other coveted territories—to Burma, Thailand, Malaya and the Netherlands East Indies. All are alive to the Japanese threat and have made the fullest possible preparations to meet it. The threat to the Philippines is also increased and the United States government is keeping a sharp eye open for possible moves in that direction.

Japan is still obliged to carry about the ball-and-chain of her hopeless war in China, and this brings yet another element into the picture. By occupying southern Indo-China, Japan has placed herself in a position to strike at Burma and cut the Burma highway, which is China's only really valuable route to the outside world.

If Japan's supplies of oil from the United States are suddenly cut off, there is little doubt but that the Netherlands East Indies would immediately become a Japanese military objective. Talk is continuing in the Japanese press of including the Dutch archipelago in the "New Asia Sphere of Co-Prosperity" and plans in that direction are only temporarily suspended, awaiting more auspicious circumstances for their realization. There is another factor, however, injected into the situation by the Batavia government, which has unilaterally abrogated the N.E.I.-Japanese petroleum agreement of 1940. If this means that Japan is to get no more oil from the N.E.I., Tokyo might consider it expedient to strike at the Islands without any further delay.

But Thailand, at the moment, seems to be next in the Japanese line of march and the Japanese press leaves no doubt on that score. Already we hear that the nefarious plottings of the Anglo-Saxon powers are "haras-

Arrived

Owen Lattimore (left), recently appointed political adviser to Generalissimo Chiang Kai-shek, arrived by Clipper plane at Hongkong en route to Chungking. On the right is John Bruins, American Consul at Hongkong.

sing" Thailand and placing it in need of "external support"—just as in the case of Indo-China. A Japanese move into Thailand would almost certainly embroil Japan with the British in Burma. From that point the conflict would inevitably widen into a full-dress showdown from which the United States could hardly stand aloof.

A possibility which commentators have not so far taken into account is that the latest Japanese move into Indo-China may have been intended, to some extent, as a feint to distract attention from Japanese preparations for war on Soviet Russia in Siberia and Outer Mongolia.

Reports from various sources during the past week and more have told of heavy concentrations of Japanese troops in North China and Manchuria, coincident with the mobilization of fresh divisions in Japan. Military observers in Chungking, aware of these moves, seem convinced that Japan is preparing to strike at the Soviets.

Significant in this connection was a statement by the Tokyo commercial daily, *Chugai Shogyo*, quoted by the German *Transocean* agency on July 25. The paper declared that the U.S.S.R. was as hostile to Japan as Great Britain and the United States and charged the Soviets with working with those two countries to "encircle" Japan.

If it should indeed turn out that Japan is preparing to move against the Soviets, the southward expansion policy may be placed in cold storage for a while, although all factors are now so closely intertwined that any blow struck at the Soviets might force Japan to fight on more fronts than she bargains for.

Local Censors Ban O'Neil's "Long Voyage Home"

Eugene Gladstone O'Neill, famous American playwright, has an international reputation and his plays always have large audiences everywhere—except in Shanghai.

The reason that Shanghai will be unable to view O'Neil's latest picture, "The Long Voyage Home," a production of United Artists, is because the Shanghai censors regarded it as "immoral."

The fact that Shanghai should object to anything on the grounds of "immorality" is surprising, but when it becomes known abroad that censors here banned the new O'Neil film on "moral" grounds, it will not redound to the credit of the intellectual standards of the little group which apparently has the power to dictate the type of moving pictures which Shanghai may see.

The O'Neil picture, according to reviews in the home American papers, is a story of sailors in the merchant marine, showing them under the stress of enemy bombardment, and the temptations of seaports, whether in Shanghai or elsewhere.

It was reported that the Shanghai censors objected to the type of dancing engaged in by sailors at a South American port. If this is correct, one can only speculate on where Shanghai censors spend their evenings. Surely they never have visited such places as Jimmy's Winter Garden during a jitter-bug contest, or, for example Ella's Bar, or any of the Blood-Alley resorts on a Saturday evening.

The barring of the O'Neil film should be ground for protest so loud and emphatic on the part of Shanghai theater-goers, that the whole question of Shanghai censorship of films could be aired. The action probably constitutes the most ridiculous of a long series of activities by the censors which is preventing the display here of many of the best pictures now being produced abroad.

It was reported that the censors even forced the deletion of some of the best sections of the excellent film, "Foreign Correspondent," before they would permit its display here.

The refusal of the censors to permit the showing of any of the long list of "escape" films here also should be designated as a major crime against the intelligence of the Shanghai community. These pictures, all dealing with the theme of escape from Nazi terrorism, have been shown everywhere in the Far East, excepting Shanghai. Audiences in Hongkong, Singapore and Manila have viewed them for many months, but they have been barred here. One might almost suspect that the local censorship board is under Nazi domination, because the only persons who possibly could object to the showing of such films here are the German Nazis. Is it possible that subtle Nazi propaganda has frightened our censors?

The worst part of it is that while our own censors have denied the Shanghai public the privilege of seeing and enjoying these fine pictures, the Nazis have had a free hand to display all their pictures of terrorism in utter disregard of local censorship.

The practical result has been that the Shanghai public has been prevented from seeing a long list of excellent films depicting various phases of the war, which have stirred audiences elsewhere, while, on the other hand, the Nazis have had a free hand, unrestricted by any censorship, to display their films to international audiences.

Nazis Denounce Roosevelt As "Jew and Freemason"

While only one or two small items appeared in the local press, the official Nazi news services, *Transocean* and *D. N. B.*, carried long articles from Berlin last week concerning an alleged exposure of President Franklin D. Roosevelt "as a Jew and Freemason." According to *United Press* the German propaganda "exposure" of President Roosevelt consisted of violent personal attacks and charges that he was the alleged promoter of a recent book by Theodore Kaufman, entitled, "Germany Must Be Destroyed."

The book apparently was published in the United States and in view of the Nazi attack probably will have an extensive sale.

The German press and radio denounced Kaufman's book as an "orgy of Jewish hatred," and charged that President Roosevelt personally had supported and inspired it.

The Nazi campaign against the American President also appeared in certain of the Japanese newspapers, particularly the German-controlled *Hochi*, and other organs under the control of the Japanese Army. The Hochi displayed the Nazi propaganda under the heading, "Roosevelt a Jew Exposed as a Freemason." The *Miyako's* article was headed, "Roosevelt a Puppet in Jewish Hands," while the *Chugai Shogyo Shimpo* referred to Roosevelt as "Tool of International Freemasons."

According to a *Transocean* dispatch from Berlin, dated July 23, the German newspapers displayed an alleged picture of President Roosevelt wearing Masonic insignia and standing with a group of well-known Jews. Another picture published in connection with the propaganda campaign showed the President standing with his sons, each wearing Masonic uniform. According to *Transocean* the "sensational" pictures were discovered in Norway. The accompanying article charged that President Roosevelt's actions and policies were dominated by Jews and Freemasons and by "big business, which also is controlled by Jews and Freemasons." Another article in the *Deutsche Allgemeine Zeitung* said that President Roosevelt was following the example of the Soviet Union in "creating another big state completely dominated by Jews and thus furthering Jewish world domination."

The *Berliner Lokal Anzeiger*, as quoted in the local *Transocean* report, said that Roosevelt's chief characteristics are "ambition and envy and he has allowed himself to become the willing tool of Freemasons who flatter him....he is in the hands of Freemasons as was King Edward VII of England, who had sold his soul to them."

The Italian press, now under Nazi control, also displayed the anti-Roosevelt articles, the *Il Messagero* declaring that Roosevelt, "could only act in accordance with the wishes of Jews, bolsheviks, and such survivors of democracy as still exist." All of the Italian papers also displayed the alleged photograph of Roosevelt and his sons wearing the Masonic regalia, which it was alleged the Germans had "accidentally discovered in Norway."

Americans, who read the articles in the German newspapers were amazed that the Germans regarded President Roosevelt's membership in the Masonic Lodge as unusual, since practically all American presidents from Washington down were members of the Masonic Lodge in Washington, D. C. The allegation that the Masonic Lodge is dominated by Jews also occasioned considerable surprise and amusement.

FREEZING OF JAPANESE ASSETS A BLOW TO SHANGHAI TRADE

BY JOHN AHLERS

Foreign and Chinese business circles in Shanghai were completely surprised when the Washington and London governments at the end of last week suddenly decreed the freezing of Japanese and Chinese assets in retaliation for the Japanese grab of new naval and military bases in southern French Indo-China. The Japanese alone seem to have anticipated such action on the part of the United States. For weeks past, Japan's semi-official Yokohama Specie Bank—supreme foreign exchange agent of all the government and puppet government banks in the Nipponese sphere of power—had been selling via Shanghai large amounts of U.S. currency. The Tokyo government, of course, for weeks in advance knew what it was going to do to French Indo-China. But even the Yokohama Specie Bank would not seem to have expected Great Britain immediately to join the United States in the new freezing measures, or else the bank in question might not have effected during the very last days prior to the freezing action such substantial purchases of pounds sterling and Indian rupees as it did.

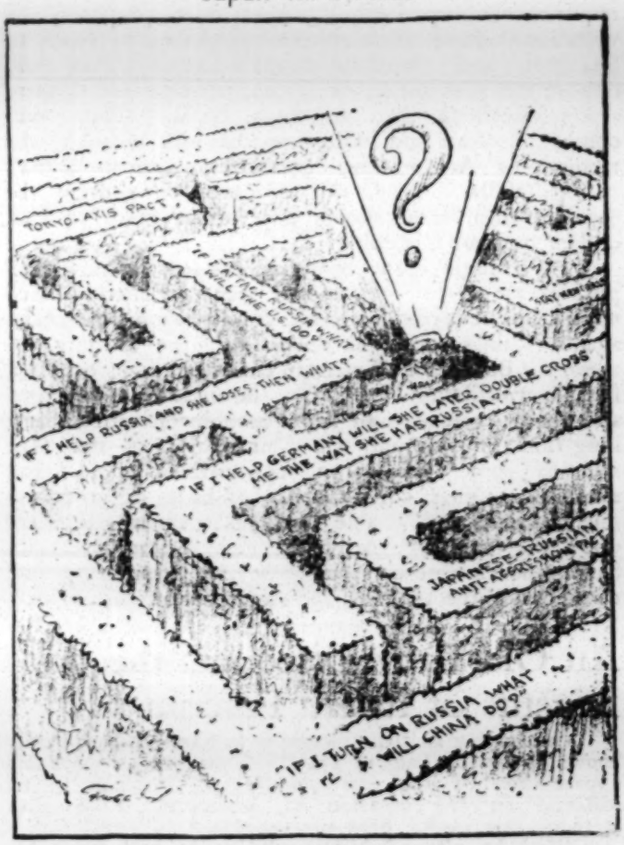
American freezing of Japanese and Chinese assets had long been anticipated at Shanghai, but it was not expected in connection with the Indo-China affair. It was known here for many months that as early as November last year Washington and Chungking began seriously to negotiate freezing, and that an agreement in principle was achieved soon after. It was known also that U.S. decrees freezing Japanese and Chinese assets had been prepared in every detail, including attached licensing and permit regulations. This local knowledge of the freezing danger was not inconvenient for either Chungking or Washington; it enabled secretary of the Treasury Morgenthau and T. V. Soong to harass Shanghai speculators with a "war of nerves" which long before the promulgation of the decree resulted in large-scale repatriation of Chinese capital from the U.S.A., and in large-scale re-conversion of U.S. dollar holdings into Chinese national currency. These latter movements in the past seven months chiefly accounted for the comparative firmness of the Chinese dollar's exchange value.

Japanese and Chinese assets, of course, had to be frozen together. Had only Japanese assets been frozen, China's invader would have remained in a position to exploit in the field of Anglo-Saxon exchange the occupied areas, and especially Shanghai. As regards many Shanghai assets in both the United States and the British Empire, it is next to impossible to distinguish off-hand between Japanese and Chinese holdings. But while Anglo-Saxon freezing intentions with respect to Japan were inspired by a desire to check and to retaliate only, these same intentions as regards China were encouraged by a desire to help the Chungking Government. The idea was to secure control of the movements of private Chinese flight capital in the Anglo-Saxon countries, to prevent the Japanese and their puppets from getting hold of more of that capital, and to enable Chungking to secure foreign exchange proceeds from the re-conversion of such capital into Chinese dollars.

It is much too early to appreciate the full effects upon Shanghai business of the new Anglo-Saxon freezing measures. They are bound to be far-reaching. Every line of Shanghai business will be affected. On the other hand, the Anglo-Saxon powers at the present moment are by no means discontinuing financial intercourse with Japan and Japanese-occupied China. The present aim of the freezing measures is not interruption but control. The freezing is theoretically complete, but the general licensing regulations issued under the freezing decrees provide for setting free at least part of the frozen assets and for the continuation of what the Anglo-Saxon governments will consider legitimate business transactions.

Trade between the United States and Japanese-occupied China, including Shanghai, will continue. Fourteen prominent banks, whom Washington feels assured will not act contrary to American policy nor sponsor Japanese interests, have secured a general license to finance Sino-American trade in all parts of China. There is, of course, not a single Japanese bank among these fourteen institutions. The exportation of China produce to the United States, and the importation

Japan In a Maze


TOKYO-AXIS PACT
IF I HELP RUSSIA AND SHE LOSES, THEN WHAT?
IF I HELP GERMANY WILL SHE LATER DOUBLE CROSS ME THE WAY SHE HAS RUSSIA?
JAPANESE-RUSSIAN ANTI-AGGRESSION PACT
IF I TURN ON RUSSIA WHAT WILL CHINA DO?

The Christian Science Monitor.

here of American foods, other goods of consumption, and of such capital goods as will serve for peaceful purposes, will obtain all necessary financial facilities from the fourteen licensed banks. Japanese foreign exchange grabbing naturally will no longer be permitted, and supply shipments to Shanghai destined directly or indirectly for the Japanese fighting forces cannot expect any U.S. currency accomodation. The same attitude is likely to be observed by the banks authorized on behalf of the British Government to finance British Empire trade with Japanese-occupied China.

Shanghai trade with the Anglo-Saxons thus is likely to be curtailed in all those lines in which such trade has been transacted on account of the Japanese fighting forces and of Japanese exploitation of the economic booty made in the course of Japan's march of conquest in this country. Such trade has been important, and its suppression will considerably reduce the total of Shanghai's foreign trade. A series of local industries will be affected by this curtailment. The Japanese may be expected to take, partly themselves and partly through their puppet regimes in the interior, certain countermeasures; there will be conflicts and complicated

maneuverings; and in some lines there may be expected some ultimate compromise, details of which it is difficult to foretell. American unfreezing of Japanese and Chinese assets for legitimate business purposes, of course, will largely depend on Japan's future behavior. Should it fail to improve, which is likely to be the case, or should Tokyo even attempt further advances along the path of aggression, which is by no means improbable, then American general licensing of exchange accomodation for legitimate China trade might be partially or totally withdrawn.

The Anglo-Saxon powers, under their new freezing decrees, no longer will accomodate in U.S. or British Empire currencies the financing of China trade transactions between third parties. They will not permit, except for immediate moderate personal requirements or perfectly legitimate other purposes, the withdrawal from their spheres of power of funds to Shanghai and Japanese-occupied areas. They will oppose the movements of frozen Japanese and Chinese assets elsewhere than to Free China. They will combat all direct and indirect speculation, through the medium of Anglo-Saxon currencies, against China's national dollar. They will endeavor to prevent the Japanese from accumulating any further funds in U.S. dollars or pounds sterling.

At a single blow, Shanghai has lost its privileged position as a free international exchange market based upon free convertibility of Anglo-Saxon currencies against Chinese national dollars. By the freezing decrees, the British and American currencies have lost their free convertibility here. The Japanese and Japanese-sponsored currencies all have been inconvertible for a long time; it was only via Chinese dollars that they retained some access to convertible Anglo-Saxon exchange. Other currencies are of little or no consequence locally and, unable freely to be exchanged except upon the basis of free intercourse between Anglo-Saxon and Chinese currencies, they are not in a position to step into the place of the Anglo-Saxon currencies.

An Old Lady Discovers the Benefits of Italian Fascism

The leading British newspaper in Shanghai, popularly known as the Old Lady of The Bund, essayed a remarkable appreciation of the fine qualities of Fascism in an editorial on the occasion of Mussolini's fifty-eighth birthday this week. Said the paper:

"Had he allowed his reputation to rest upon the benefits be conferred upon his people during times of peace, Mussolini might have gone down into history as a great benefactor to his nation. His ambition to pose as a great soldier completely threw him off his balance."

It is difficult to believe that these lines appeared in a British newspaper which claims to be a champion of democracy and democratic rights. The benefits which Mussolini conferred upon the Italian people are well known to most, including, one must assume, the editor of the journal in question. Mussolini destroyed Italy's parliamentary institutions and the democratic liberties of the Italian people. All opposition parties, together with the trade unions, were wiped out. The free press was replaced by a prostitute press. The right of public assembly was eliminated. The plebiscite replaced free suffrage. The secret tribunal replaced trial by jury. Political non-conformists of all shades were persecuted, tortured, beaten to death or sent to linger out their days in prisons on the notorious Lipari Islands. Books were burned and the cultural flowering of the nation withered under the blighting hand of Fascism. Under Mussolini's regime the standard of living of the bulk of the Italian people declined until it became the lowest in all Europe with the single exception of Albania. Only the big corporations, in which Mussolini and his Fascists were given substantial blocks of shares, prospered.

These, then, are the benefits which Mussolini conferred on the Italian people. If they are so admirable as The Old Lady of The Bund appears to believe, then there is much that is admirable about the Nazi regime, for in their methods and general effects Fascism and Nazism are identical. England and America, one must assume, could do with these benefits as well.

It would seem that the quarrel The Old Lady of the Bund has with Fascism and Nazism is not that they enslaved the Italian and German peoples, but that they dared challenge the British Empire. In that case the Old Lady should cease posing as a champion of democracy.

What Stalin Thought of Democracy in U. S. Industry

In 1932 the German writer, Emil Ludwig, interviewed Joseph Stalin in Moscow. The interview was one of a series by the German writer which included various world leaders.

In the course of the interview, Ludwig asked Stalin for an explanation of the "worship" of American things, despite the fact that American industry represented the antithesis of socialist economy as practiced in the U.S.S.R.

Stalin replied to the question to the following effect: "We have no respect for everything American. But we respect the efficiency the Americans display in everything —in industry, in technology, in literature, and in life. We never forget that the U.S.A. is a capitalist country. But among the Americans there are many healthy people, both mentally and physically, who take up a healthy attitude toward work and toward practical affairs. We respect that efficiency, that simplicity of approach. In spite of the fact that America is a highly developed capitalist country, their industrial methods and productive habits contain something of the democratic spirit; and that cannot be said of the old European capitalist countries where the haughty spirit of the feudal aristocracy still prevails."

Stalin then commented on the fact that while feudalism had been destroyed in Europe, considerable of its relics survived in the life and manners of engineers, specialists, scientists, writers...."who carry the haughty spirit of the nobility into industry, technology, science and literature." The Soviet dictator continued, "That cannot be said of America, which is a country of 'free colonists,' without a landlord class and without aristocrats. Hence the soundness and comparative simplicity of American habits in productive life. Our (Soviet) industrial leaders who have risen from the working class and who have been to America, immediately noticed this trait. They relate, not without a feeling of pleasant surprise, that in America it is difficult in the course of work to distinguish the engineer from the worker by mere outward appearance. They like that, of course. But in Europe the case is entirely different...."

The foregoing extracts from the Ludwig interview appeared in a pamphlet published in English in Moscow in 1932.

Fate of Shanghai Settlement Believed Causing Concern

Shanghai's International Settlement has come in for mention in connection with the developing crisis in the Far East. London expects Japan to take over the Settlement in the near future, according to the London correspondents of the *Svenska Dagbladet* and the *Stockholm Tidningen*, quoted in a German *Transocean* dispatch from the Swedish capital on July 27.

Occupation of the Settlement, these sources stated, is expected to be carried out by troops of the puppet Nanking government. And since British troops were withdrawn from Shanghai, leaving only a regiment of U.S. Marines and a small force of Italians as the foreign garrison, no resistance to occupation is expected, the reports said.

According to a *United Press* dispatch from Washington the same day, opinion is gaining ground in the American capital that every act of aggression by Japan will be followed instantly by American economic and financial counter-measures. It was stated in this connection that seizure of the International Settlement by Japan, "which is reported here to be not unlikely," would result in immediate American counter-action. Appeasement of Japan is "definitely dead here" (in Washington), the dispatch asserted.

U.S. Issues Texts of General Licenses Governing Trade Transactions In Shanghai and China

The texts of General Licenses issued in Washington to govern trade transactions in China requiring dealings in foreign exchange were released in Shanghai by the American authorities early this week, shortly after the freezing of Japanese assets in the United States, its territories and possessions became effective. They are as follows:

GENERAL LICENSE NO. 58

I. A general license is hereby granted licensing all transactions ordinarily incident to the importing and exporting of goods wares and merchandising between the United States and any part of China other than Manchuria provided the following terms and conditions are complied with:

(a) such transaction is not by or on behalf of or pursuant to the direction of
  (1) any blocked country other than China or
  (2) any person within Manchuria or
  (3) any national of any blocked country other than China unless such national is within China.

(b) such transaction does not involve property in which
  (1) any blocked country other than China or
  (2) any person within Manchuria or
  (3) any national of any blocked country other than China unless such national is within China has at any time on or since the effective date of the order had any interest and

(c) any banking institution within the United States prior to issuing confirming or advising letters of credit or accepting or paying drafts drawn or reimbursing themselves for payments made under letters of credit or making any other payment or transfer of credit in connection with any importation or exportation pursuant to this general license or engaging in any other transaction herein authorized shall satisfy itself (from the shipping documents or otherwise) that:
  (1) any such transaction is incident to a bona fide importation or exportation and is customary in the normal course of business and that the value of such importation or exportation reasonably corresponds with the sums of money involved in financing such transaction; and
  (2) such importation or exportation is or will be made pursuant to all the terms and conditions of this license.

II. Banking institutions within the United States engaging in any transactions authorized by this general license shall file promptly with the appropriate Federal Reserve Bank monthly reports setting forth the details of such transactions during such period including appropriate identification of the accounts which were debited or credited in connection with any such transaction.

III. As used in this general license a person shall not be deemed to be "within China" unless such person was situated within and doing business within China on and since June 14, 1941.

GENERAL LICENSE NO. 59

I. A general license is hereby granted licensing the offices within China of the following as generally licensed nationals:

(a) The Chase Bank
(b) National City Bank of New York
(c) Underwriters Savings Bank
(d) American Express Company
(e) Moscow Narodny Bank, Ltd.
(f) Thos. Cook and Son Bankers Ltd.
(g) Hongkong & Shanghai Banking Corporation
(h) Mercantile Bank of India, Ltd.
(i) David Sassoon & Co., Ltd.
(j) E.D. Sassoon & Co., Ltd.
(k) E.D. Sassoon Banking Co., Ltd.
(l) Chartered Bank of India, Australia & China, Ltd.
(m) Nederlandsch Indische Handelsbank
(n) Nederlandsche Handel Maatschappij

II. This general license shall also authorize any such office of any such banking institution to finance imports and exports and transactions ordinarily incidental thereto between any part of China except Manchuria and any of the following:

(a) The United States
(b) The American Republics as defined in general license No. 53
(c) The British Commonwealth of Nations
(d) The Union of Soviet Socialist Republics
(e) The Netherlands East Indies

provided however that this authorization shall not be deemed to permit any payment transfer or withdrawal from any blocked account and provided further that any such office of any such bank prior to issuing confirming or advising letters of credit or accepting or paying drafts drawn or reimbursing themselves for payments made under letters of credit or making any other payment or transfer of credit in connection with any importation or exportation pursuant to this general license or engaging in any other transaction herein authorized shall satisfy itself (from the shipping documents or otherwise) that:
  (1) any such transaction is incident to a bona fide importation or exportation and is customary in the normal course of business and that the value of such importation or exportation reasonably corresponds with the sums of money involved in financing such transaction; and
  (2) such importation or exportation is or will be made pursuant to all the terms and conditions of this license.

III. This general license shall not be deemed to authorize any transaction by or on behalf of or pursuant to the direction of any person whose name appears on "the proclaimed list of certain blocked nationals" or involving property in which any such person has at any time on or since the effective date of the order had any interest.

IV. Banking institutions within the United States making any payment transfer or withdrawal from the accounts of any such office of the aforementioned banking institutions shall file promptly with the appropriate Federal Reserve Bank monthly reports setting forth the details of such transaction during such period.

Wheelock and Company Declare Profit of Nearly $21 Millions

Typical of the fabulous profits which some foreign firms are earning in Shanghai was the report by Wheelock and Company early last week which showed a net profit for the year ended March 31, 1941 of Ch.$20,935,526, which is considerably more than U.S.$1,000,000 at the present rate of exchange. Adding the balance brought forward from the previous year, and deducting the first and second interim dividends of $5 per share (amounting to $4,784,880) there remained a balance to credit of profit and loss account of $17,196,852. It was proposed to distribute this sum as follows:

Pay a final dividend of $10 per share	$4,784,880
Transfer to General Reserve	7,366,248
Transfer to Depreciation Reserve ..	3,500,000
Subscribe to British War Fund.. ..	500,000
Transfer to Staff Contingency Fund	100,000
Carry forward	945,724

Wheelock and Company are an old British firm of brokers, general agents and company secretaries, handling, among other things, shipping and freight, coal and general merchandise. They are at present erecting a valuable six-storey office building for themselves on the northwest corner of Avenue Edward VII and Szechuen Road, which is expected to be ready for occupation in a few weeks.

TEXT OF VICHY-TOKYO PACT ON FRENCH INDO-CHINA

The Franco-Japanese "agreement" for "joint defense" of French Indo-China was signed at Vichy on July 29 and became effective without the usual formality of ratification by the parties. An unofficial translation of the text of the agreement, which is drawn in protocol form, was issued by the Japanese Domei agency and reads as follows:

"The Imperial Japanese Government and the Government of France, taking into consideration the present international situation, recognize as a result that there exist reasons for Japan to consider that in case the security of French Indo-China should be threatened, general tranquillity in East Asia and her own security would be exposed to danger.

"The opportunity is taken to renew the promise made by Japan, on the one hand, to respect the rights and interests of France in East Asia, especially the territorial integrity of French Indo-China and French sovereignty over the whole union of French Indo-China; and the promise made by France, on the other hand, not to conclude with any third power or powers any agreement or understanding regarding Indo-China envisaging political, economic, or military cooperation directly or indirectly aimed against Japan, and the two Governments have agreed upon the following provisions:

"1.—The two Governments mutually promise military cooperation for the joint defense of French Indo-China.

"2.—Measures to be taken for such cooperation shall be the object of special arrangements.

"3.—The above stipulations shall be valid only so long as the situation which motivated their adoption exists.

"In witness whereof, the undersigned, having been duly authorized by their respective Governments, have signed and affixed their seals to the present protocol to go into effect from today.

"Done at Vichy in duplicate in the Japanese and French languages, this twenty-ninth day of July, the sixteenth year of Showa, corresponding to the twenty-ninth day of July, 1941."

Japan Confesses Her Great Failure in Manchukuo

The gigantic flop of Japan's efforts to convert Manchuria into a land of industry which would make good certain of the deficiencies in Japanese economy was evidenced once again in a little-noticed *Domei* report from Hsinking on July 20.

More than 40 "national policy concerns" established in the territory since it was converted into the puppet state of Manchukuo nearly ten years ago are to be liquidated, obviously because all of them have proved failures. The first to go, according to the report, will be the Manchukuo Coal Liquefaction Industrial Company, which was established in 1935 with a capital of Yuan 20,000,000.

Considerable sums of money were poured into the coal liquefaction enterprise which this company set up in connection with the great Fushun collieries. Plant and equipment were purchased from Germany and erected. But capital requirements had been underestimated, and the plant was not completed because Japan meanwhile got herself involved in war with China and the necessary additional funds were never available.

This plant was intended to furnish Japan with gasoline extracted from coal. It was just one of those enterprises in Japan's grandiose but chimerical plan to achieve economic self-sufficiency. Even for such powerful and wealthy countries as the United States, self-sufficiency is an unattainable dream. Japan, in reaching out for the unattainable, has simply wasted large capital sums and her plight is more desperate than ever.

China's Food Troubles Attributed to Landlords

The greatest obstacle to the carrying out of the Chinese Government's food program is the rural landlords, who in Szechwan Province receive from 60 to 73 percent of the total foodstuffs produced but are "reluctant" to make contributions to the government, Mr. Hsu Kan, Minister of Foods, stated at the weekly Sun Yat-sen memorial meeting in Chungking on July 23.

The Minister put forth a slogan, "Emancipate the Tenants," *United Press* reported, declaring that the income of tenants was not enough to maintain living standards. The policy of the Kuomintang, he stated, was centered on the principle of tenants owning the land they tilled, this being a prerequisite of increased production.

Meanwhile, rice flour is to be rationed in the Chinese capital, the Chungking *Ta Kung Pao* reports. Cards will be distributed to each inhabitant by the police. The government expects to solve the food problem this year through the new taxation system whereby rural taxes will be collected in the form of grain. The stocks accumulated by the government in this way are expected to cover requirements.

Japan Condemned

TEXT OF WASHINGTON STATEMENT

The following statement was issued in Washington on July 24 by Mr. Sumner Welles, Under-Secretary of State, voicing American condemnation of Japan's action in forcing the Vichy government to agree to Japanese occupation of strategic bases in southern French Indo-China:

"It will be recalled that in 1940 the Japanese Government gave expression on several occasions of its desire that conditions of disturbance should not be spread to the Pacific region, with special references to the Netherlands East Indies and French Indo-China. This desire was expressly concurred in by many other governments, including the Government of the United States.

"In statements by this Government it was made clear that any alteration in the existing status and areas other than by peaceful processes could not but be prejudicial to the security and peace of the entire Pacfic area, and that this conclusion was based on a doctrine which has universal application.

"On September 23, 1940, referring to events then rapidly happening in the Indo-China situation, the Secretary of State said it seemed obvious that the existing situation was being upset and that changes were being achieved under duress. Present developments in Indo-China provide clear indication that further changes now are being effected under duress.

"The present unfortunate situation in which the French Government in Vichy and the French Government in Indo-China find themselves, of course is well known. It is only too clear they are in no position to resist the pressure being exercised upon them.

"There is no doubt as to the attitude of the Government and people of the United States toward acts of aggression carried out by the use or threat of use of armed force. That attitude has been made abundantly clear.

"By the course which it followed and is following the Government (Japan) is giving clear indication that it is determined to pursue an objective of expansion by force or the threat of force.

"There is not apparent to the United States Government any valid ground on which the Japanese Government would be warranted in occupying Indo-China or establishing bases in that area as measures of self-defense.

"There is not the slightest ground for belief on the part of even the most credulous that the governments of the United States and Great Britain have any territorial ambitions in Indo-China or have been planning any moves which could have been regarded as threats to Japan.

"This government can only conclude that the Japanese action was undertaken because of the estimated value to Japan of bases in that region, primarily for purposes of further and more obvious movements of conquest in adjacent areas.

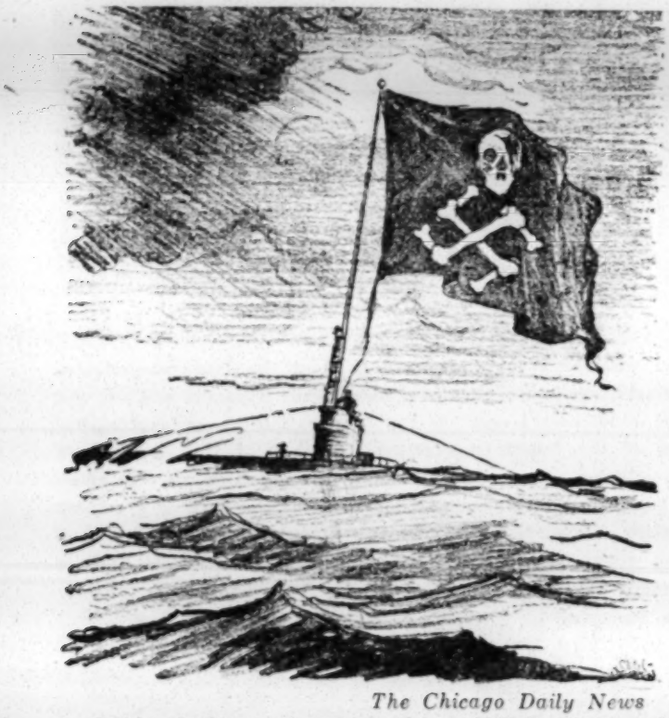
"In the light of previous developments, steps such as now are being taken by the Japanese government endanger the peaceful nations of the Pacific. They tend to jeopardize procurement by the United States of essential materials such as tin and rubber which are necessary for the normal economy of this country and the consummation of our defense program.

"The purchase of tin, rubber, oil and other raw materials in the Pacific area on equal terms with other nations requiring these materials has never been denied to Japan. Steps which the Japanese Government have taken also endanger the safety of other areas in the Pacific, including the Philippines. The Government and the people of this country fully realize that such developments bear directly upon the vital problem of our national security."

Nantao Police Chief Moves Into Pan's Bailiwick

ALTHOUGH unrecorded in the local foreign newspapers, widespread interest was aroused in Chinese circles by the action of Gen. Lu Ying, Director of the Shanghai Special Municipality police establishment, who has "moved in" on Commissioner C. C. Pan's bailiwick in the Shanghai badlands. Gen. Lu Ying's headquarters previously have been in Nantao. The extent of his participation in the police administration in the badlands, wherein are located most of Shanghai's gambling houses and other vice establishments, is not yet known, but it was reported he sent six assistants to the headquarters of the Western District Special Police last week, with instructions that they would serve as "liaison" officers between Pan's office and the police establishment of the Chinese Municipality.

The Pirate Flag



The Chicago Daily News

Prior to the Japanese intervention here in 1937, Lu Ying served under Mayor Wu Te-chen and O. K. Yui. He then retired for a time, but emerged to become head of the police establishment of the Chinese Municipality under the late Mayor Fu Siao-en, who was murdered by gunmen.

According to a report in the local Chinese papers more than a month ago, the former Chinese police force was "muscling-in" on the gambling racket in the badlands and had begun collecting "dues" from the various resorts and other activities, which included extortion of large sums from shopkeepers and wealthy Chinese residents of the area. It was reported that friends of an official of St. John's University had been forced to raise the sum of $5,000 in order to effect the official's release from a gang of kidnappers who operated at No. 76 Jessfield Road, headquarters of Nanking's political police in this region. It was said that this case, which had received much publicity in the newspapers, was only one of numerous other incidents of similar character involving arrests of professional men, shopkeepers and others on trumped-up charges. In all cases the victims, who had no connection with political affairs, were forced to pay heavy ransoms in order to regain liberty.

Evidence that there is to be no closure of gambling dens in the badlands was provided on Thursday of this week when cards were distributed in the International Settlement announcing the opening (July 31) of another gambling place at 65 Edinburgh Road. The card said, "Roulette, Chemin-de-fer-All kinds of games."

Foreign newspapers during the week recorded several raids on gambling houses in the badlands, but none of the raids resulted in any closures of the dens. The *North-China Daily News* reported on Wednesday of this week that two houses on Bubbling Well extension had been raided and paraphernalia seized. As indicated in previous reports in these columns, the raids are only "racketeering" activities on the part of police factions, as none of the raided joints is forced to close.

The Welcome Cafe at Jessfield, long a notorious "bingo" joint, which was raided several weeks ago, was permitted to resume operation this week. It now has a large sign over the entrance reading, "Bingo as Usual." Another place in the vicinity where bingo was previously played, has now been converted into a big-time gambling house with roulette, dice games and other games of chance. There are now a half-dozen gambling houses operating in the area, all of which are said to be under the direct jurisdiction of the Nanking Government and supervised by the political headquarters at No. 76 Jessfield Road.

Freezing Moves Cause Sharp Currency Decline

Although it is expected that ultimately the exchange value of the Chinese national dollar will firm up as a result of the Anglo-American action in freezing Japanese credits, the first reaction to the freezing order was a sharp decline in the currency.

On Saturday last, when the freezing order became known, the Chinese dollar took an instant dive and declined considerably more when the market opened on Monday. The first drop was from a rate of $18.35 to $18.60 for one U. S. dollar, but by the beginning of the business week the rate was already down to $19.28. Another rise in prices immediately ensued.

The sharp drop in exchange was attributed in the main to the action of speculators and others in offloading large blocks of Chinese currency just before the freezing order became effective.

In Hongkong, the Chinese national dollar suffered an equally steep decline, registering a record low last Saturday when the Hongkong dollar was quoted at HK$17.10 per Ch.$100. The market came to a dead standstill owing to lack of Chinese currency buyers. By the middle of this week, there was still no indication of any move by the Chinese Currency Stabilization Committee to support the sagging Chinese currency.

Meanwhile, restrictions have been imposed on American and British business in Japanese-occupied China, following the action of the Japanese Government in freezing American and British assets in Japan. The restrictions have also been extended to Hongkong. Transactions between American and British nationals and Japanese citizens or firms are to be closely regulated and subjected to license, and withdrawals from banks in occupied China are being limited. In North China, Americans and Britons will be permitted to draw from banks no more then Yen 500 per month for family expenses.

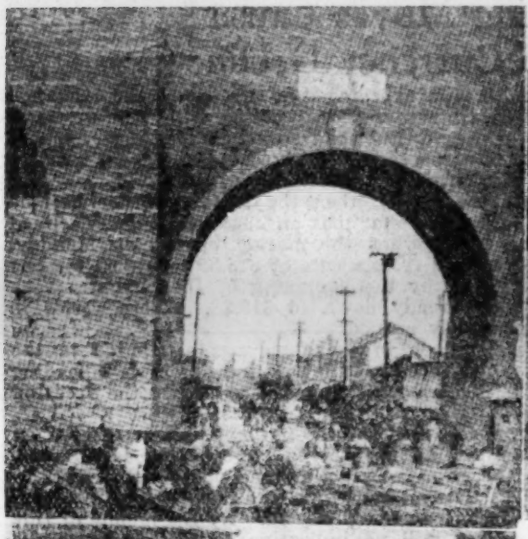
In Shanghai, in addition, the Japanese are using their control of the Customs to bar exports to the the United States and the British Empire. Exports of seven items—chemicals, machinery, metals, cotton and cotton piece goods, cotton yarn and provisions—will not be permitted except to Japan, and Customs permits will be required for all other items intended for export.

Caught Between Bases

The Chicago Daily News

PICTURES AND CARTOONS FROM A WORLD IN CONFLICT

Japanese Stage Anniversary "Victory March" in Nanking



One wonders whether Wang Ching-wei, head of the Japanese-protected Nanking Government, sat in the reviewing stand when Japanese soldiers and reservists staged a "victory march" in the former Chinese national capital on the occasion of the fourth anniversary (July 7) of the outbreak of Sino-Japanese hostilities. Upper left is one of the old Nanking city gates. Upper right is a Japanese military band, marching at the head of a column of Japanese soldiers. Lower left shows Japanese reservists praying for "final victory" and the repose of tens of thousands of dead Japanese soldiers who have lost their lives on Chinese battlefields. The building is the Japanese shrine in Shanghai.

When Puppets Get Together

Dr. Chu Min-i, brother-in-law of Wang Ching-wei, who is ambassador of the puppet Nanking Government in Tokyo, gave a dinner party for Li Shao-keng, ambassador of the puppet state of Manchukuo. The two ambassadors are shown toasting each other (Dr. Chu Min-i on the left). Others at the party were Chinese clerks of the two embassies.

"Save My War"

Cartoon in a Chinese puppet organ in Nanking ridicules Uncle Sam. The leaky fire hose is labeled, "War Entry," "Divided Opinion," "Inadequate Defense," and "Labor Troubles."

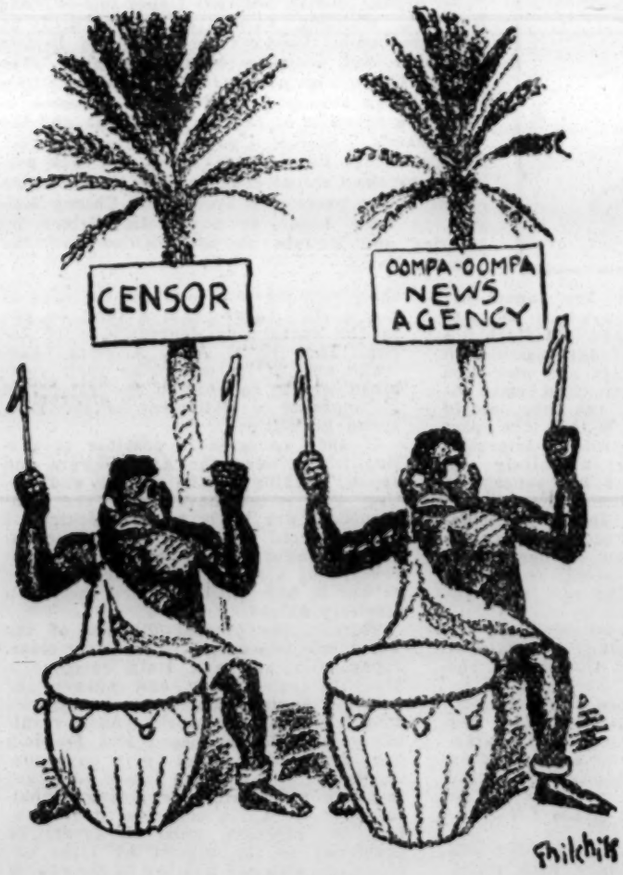
"It Was a Beautiful Picture"

South Wales Echo.

"So This is Unter den Linden!"

Punch

African Intelligence



Punch

Uncle Sam's Nightmare

Cartoon in Wang Ching-wei's organ, Central China Daily News, depicts America suffering from insomnia as a result of the twin perils—the Nazis in the Atlantic and the Japanese in the Pacific.

Anniversary Message

Chiang Asks Closer Collaboration Between China, Friendly Powers

Editor's Note:—Following is an abridged text of a message addressed by General Chiang Kai-shek to nations friendly to China on July 7, the occasion being the fourth anniversary of the outbreak of Sino-Japanese hostilities.

From the very beginning we were prepared to fight alone to the end. We were, and are, confident that China is strong enough to master Japan; but if countries friendly to our cause will but assist us to the best of their ability in our military and economic necessities the progress of our arms will be accelerated and the world be the sooner rid of one of the greatest dangers to its welfare.

The Chinese army and people will consider their sacrifices adequately rewarded if the cause of justice triumphs and humanity is spared, at least from one quarter, the terrible experiences we have to endure.

During the past twelve months violent changes have taken place in both the Far Eastern and world situations. The last few weeks have been particularly crowded with developments following one another in rapid succession. The manner in which the Axis Powers have emulated and seconded the lead of Japan has resulted in the division of the world into two great domains, that on the one hand of the bloc of nations the instrument of whose policy is aggression, and that, on the other hand, of a bloc of nations resolved to oppose aggression.

As things stand today the war in the Far East is no longer to be viewed as merely a conflict between two nations, for the European and Asiatic wars have now become closely interrelated. Scarcely a single country remains unaffected because this predatory group of powers excludes no country from the scope of its design to dominate the world by force. So much has become quite clear. A mighty conflagration is sweeping the world, and after the nature of fire it will continue to burn up all in its path until and unless it is extinguished. To control this ghastly evil the only course is to strike down the foe while there is yet time. As to how this is effectively to be done I have three points to make.

Firstly, every fire has a starting point and the historical source of this present worldwide war was undoubtedly Japan's attack on our northeastern provinces launched in total disregard of all treaty obligations. By that act of aggression a decade ago Japan displayed the course upon which she was bent. Later, in 1936, she lent fresh impetus to the forces of aggression with the Anti-Comintern Pact she was then foremost in promoting. She was obviously resolved to see the world plunged into chaos. Within the past year she has entered into a tripartite alliance with Germany and Italy and subsequently announced her conception of an "Order for Greater East Asia" under her hegemony, formally declaring the term to embrace Oceania. As steps to the expansion of her power southward she has established naval bases on Hainan Island and in Indo-China.

Japan has thus been outstandingly instrumental in magnifying the scale of the war, in financing the flames she was the first to light. She is to be regarded as more than the villainous originator of the Far Eastern War; she is responsible for the universal character of the strife we now see spreading over the earth. Until this primal spring of the evil is stopped up there can be no hope of permanent peace for mankind at large.

Secondly, the issue of the conflict will depend upon the efficiency with which the forces working against aggression can make themselves felt. Asia is the center of the globe's greatest masses of population and of its richest resources. If therefore the democracies of Asia, America and Europe can truly concentrate their energies in the pursuit of their common endeavor against the aggressors their cooperation can ensure victory and the destruction of the powers devoted to the rule of force. Let the nations concerned with the various territories that compose the Pacific land areas make a revolutionary change in their attitude and view the importance of the Pacific with fresh insight. Then they will realize that the ocean and the continent of Asia weigh at least in equal importance with the Atlantic and Europe and the urgency of the task of crushing the powers of Japan will appear to them proportional to the gravity of the situation in Europe.

China has fought four years of gruelling war as much for the good of the world as for her own. The nations friendly to her should regard it as imperative both for the protection of their own interests and for the sake of the world's future that a term be put to the outrageous depredations of Japan. That done, Asia, America, Australia and Africa can bring their combined weight to bear in the enterprise of imposing a settlement of the European hostilities.

If they conceive it possible to distinguish between the Axis Powers and Japan, striking at the former and letting the latter have rein, the consequences are likely to be shocking. I am convinced that no democratic country can afford to view with the unconcern of a spectator the fierce flames of war in Asia until they find their own territory ablaze.

Thirdly, the present division of the world into two camps is perfectly clear. Japan, Germany and Italy compose a bloc the sole policy and purpose of which is aggrandizement at the expense of the rest of the world. As a result all peoples loving peace and freedom have drawn themselves up in an opposing front. We Chinese firmly hold that front is potentially far stronger than the aggressors. In order to insure victory its strength must, however, be developed to the utmost by close cooperation with one another in the course of the life-and-death contest that has

(Continued on Page 287)

Japanese Cartoonists Attack U.S.A., Russia and Chungking

Recent cartoons from the local Japanese Army organ, Tairiku Shimpo: Upper left—Chiang Kai-shek, standing among ruins produced by Japanese bombs, kowtows to U.S.A. and Britain for loans and promises to end extrality. Top center—Uncle Sam offers Japan large quantities of oil in an attempt to induce the Japanese to forego an invasion of French Indo-China and the Netherlands Indies. Upper right—Roosevelt, Britain, Soviet Russia and Chiang Kai-shek perturbed by the Cabinet changes in Japan. Bottom —Stalin, who previously drove Gen. Chiang Kai-shek to fight Japan, is now being driven by America and Britain to fight Hitler and the German Nazis.

Red Army Smashes Mighty German Offensives; Nazis Fail in Smolensk-Moscow Drive

Determined Soviet troops have taken the blitz out of the Nazi attack on Russia. Red forces, fighting a new type of "sandwich" warfare in which the battle front can be either in front or behind them, or both, have held the invaders within the Smolensk area for the third week and are now puncturing the over-stretched Nazi bulge in that section of the front.

Tactics used by the Red Army to slow down the Germans permit advance mechanized Nazi forces to push ahead of the rest of the army. Soviet soldiers then fill in the gap behind them, cutting off essential supplies, and attack them from the rear. Once the isolated panzer units have run out of gas, they become an easy prey.

This method of fighting is said by Moscow reports to have completely checked the fresh German offensive in the Smolensk, Jitomir and Nevel directions.

Soviet Air Supremacy

Nazi pressure elsewhere on the 2,000-mile battle front is reported by Soviet sources to be slight. Only small-scale operations continue in the Petrozavodsk and Karelia areas where the German drive which started on July 22 appears to have made no progress.

Air supremacy, earlier claimed by the Germans, now appears to be with the Russians, at least in certain sectors. While Nazi reports have recently made little mention of use of the luftwaffe in attacking enemy troops, Red planes are reporeed to be ceaselessly hammering Nazi columns, airports, and important cities, including the southern naval base, Constanza. Although claims as to the effectiveness of daily Moscow bombings are conflicting, **United Press** observers report that little damage has been done because few planes have been able to penetrate the city's air defenses.

Berlin reports, while telling of Axis victories, mention that the Russians are much better prepared than previously thought. Rumanian troops, however, are said to have reached the estuary of the Dniester River, thus reoccupying all of Bessarabia. Finnish forces are stated to be driving down both sides of Lake Ladoga on Leningrad.

Further claims made by German sources include the annihilation of Red forces near Smolensk and west of Lake Peibus and successful mopping up of Soviet islands in Estonia.

Nazi Drive Fails

Despite German claims of successes, the fact remains that Hitler's anticipated occupation of Moscow within a month or six weeks at the most, has failed, and the Red Army is still functioning in an organized manner. Furthermore, Germany has lost indispensable quantities of its best man-power and material and is steadily being "bled dry" by the tremendous battles.

Aid to Russia from the United States is expected soon with the arrival in Washington on July 26 of the special Soviet mission to America. The group, led by General Goliokov and Colonel Respin, met with Under-Secretary of State Sumner Welles and Chief-of-Staff George Marshall. Purchase of American war material is the purpose of the mission.

It is rumored that Maxim Litvinov, former Soviet Commissar for Foreign Affairs, is en route to the United States. Litvinov, who was recently lifted from retirement, secured American recognition of the U.S.S.R. in 1933.

Another current rumor, carried by **Havas** as an unconfirmed British report broadcast from New York on July 26, states that Stalin has reached an agreement with General Chiang Kai-shek whereby China will supply a million men to aid Soviet Russia, should the latter nation be attacked by Japan.

Items on the propaganda front include the assertion made by a Moscow commentator that 3,000,000 casualties have been suffered since the outbreak of the Russo-German war, and the German announcement that there will be no more U.S.S.R. after the war.

Mr. Averin, Soviet political commentator, in a July 25 broadcast stated that casualties in the first five weeks of the eastern war total 3,000,000. "This is a crime which must be laid at the door of the Fascist criminals who have plunged all Europe into misery," he declared.

German authorized quarters in Berlin on the same day declared that there will be "no more Soviet Union after this war. The Soviet Union is merely a structure of Bolshevist rules which will be removed after the war together with the oppression of peoples of this area under these rulers." Political plans for German domination of the country were not revealed, however.

From Britain comes the warning made by Winston Churchill to the House of Commons on July 29 that the invasion season is again near at hand. The Prime Minister also asserted that it was madness to suppose that Russia or the United States were going to win the war for Britain, adding, however, that "it is a fact that the United States is advancing in rising wrath and conviction to the very verge of war." He further stated that the battle of the Atlantic is gradually being won by Britain.

No desire among responsible British circles to see an American expeditionary force shipped to Europe, if the United States were to enter war, was an opinion expressed by Sir Gerald Campbell, head of the British Information Office in New York. The help of the American navy and air force was said to be sufficient to ensure a British victory.

Formal diplomatic relations between Finland and Britain have been broken off, a British Broadcasting Company announcement revealed on July 28. The Finnish Foreign Minister, R. W. Witting, is said to have explained to the British Minister, George Gorden Vereker, in Helsinki, that Finland is now a co-belligerent with Germany and therefore formal diplomatic relations cannot be maintained without undesired complications.

Asking American Aid

Associated Press photo.

The Soviet ambassador in Washington, Mr. Constantine Oumansky (left) calls on Mr. Sumner Welles, Under-Secretary of State. A Soviet military mission is now in Washington to negotiate for American aid under the Lease and Lend Act.

Ickes Proposes Oil Pipeline Across U.S.

Construction of an oil pipeline across the United States to alleviate the oil shortage on the eastern seaboard due to lack of tankers was proposed last week by Secretary of Interior Harold L. Ickes. The pipeline, which would cost about $70,000,000, would enable the daily pumping of 250,000 barrels of gasoline from the oilfields of the southwest, it was stated.

A dispatch from Honolulu on July 30 said that the ketch Cynjo had reached Midway Island after a stormy voyage of 4,500 miles. Aboard were Capt. C. J. Sever and Mrs. Sever, Thomas Bowers, former Seaforth Highlander, and Albert Wickdahl, former member of the Shanghai Municipal Police. All were in an exhausted state and Mrs. Sever was too ill to proceed. The boat was towed into the Midway lagoon by a Navy launch, after Capt. Sever had requested assistance. The destination of the group was San Francisco, but it was not stated whether they would attempt to complete the voyage. The Cynjo sailed from Shanghai about two months ago.

Japanese Move into Southern French Indo-China; Thailand Seen as Next Most Likely Victim

Japanese troops began disembarking at Saigon, in southern French Indo-China on Monday of this week (July 28) following previous announcements at Vichy and Tokyo that the French and Japanese governments had entered into an agreement for "joint defense" of the French Far Eastern colony.

Although the extent to which Japanese occupattion will go is not yet known, a **Reuter** report from Singapore on July 26 quoted a "reliable source" as stating that 40,000 Japanese troops will be sent in (the previous number established by the Hanoi accords is restricted to 6,500) and that Japan will take over the naval base at Camranh Bay and the airfields of Saigon and southern French Indo-China.

Alleged British Threat

The "agreement" forced on the Vichy government followed two weeks of campaigning in the Japanese press in which French Indo-China was charged with fostering anti-Japanese activities and with failure to live up to the economic accords reached at Hanoi last year. A statement by the Vichy government declared that joint defense, with Japan, had been agreed upon in view of British threats to the security of the French Far Eastern colony. British military concentrations in Burma and Malaya, and alleged British and American attempts to wean Thailand away from Japanese influence, were cited in Tokyo as factors necessitating Japanese counter-measures.

Reports early this week from Saigon said that the Japanese military mission in Hanoi had flown to Saigon and had taken over the Chamber of Commerce building as their headquarters and the leading hotel as their residential quarters. Military barracks were being cleared to accomodate Japanese troops.

According to **Domei**, Chinese official institutions in Saigon, including the consulate and the branch of the Kuomintang, were preparing to withdraw, while two Chungking newspapers, the **Min Pao** and the **Yuan Tung Yih Pao** were to suspend publication on July 29.

Chinese Troops on Move?

The Tokyo press reported as early as last Saturday that China's Fifth Army was "marching toward Indo-China" and that some 88,000 Chungking troops stationed along the Yunnan-Burma route had been ordered to move westward. There has been no confirmation of these reports from any source.

France agreed to "temporary occupation" by Japan of strategic bases and airfields in Indo-China, a Vichy government spokesman declared on July 23. It was a temporary measure of defense, he said, undertaken to "protect" the colony in view of the danger of an attack by British, Free French and Chinese forces.

Marshal Petain, head of the Vichy regime, said that colonies other than Syria (recently occupied by British and Free French forces) were menaced and that the French would "fight with the same vigor as in Syria to save the honor of France."

The Vichy spokesman was asked by foreign correspondents what had become of France's pledge to defend her empire without foreign aid. "Events in Syria," he answered, "obliged us to make an exception in that conception." He was next asked why the United States rather than Japan had not been invited to "defend" Indo-China. The spokesman replied: "We asked the United States a year ago what aid she would give us in Indo-China, but we got nothing from Washington." He also said that Japan, in undertaking the "defense" of Indo-China, was acting "completely independent of the Axis Tripartite Pact." He insisted that there had been no Japanese ultimatum to France to agree to the occupation and no pressure from Germany. Japan had demanded Indo-China bases as "a temporary measure in order to defend Indo-China against the de Gaullists, the Chinese and the British."

Gives Game Away

This statement acquired a quite different complexion in light of an editorial which appeared in the Hanoi newspaper, **La Volonte Indo-Chinoise** on July 24. The journal admitted openly that Japan wanted the bases in southern Indo-China for the continuation of her southward expansion movement, and hinted openly at action against Singapore and the Netherlands Indies. It also stated clearly that the concessions made to Japan had been forced on the Indo-China government by the Vichy regime.

Free French quarters strongly denounced the concessions made to Japan. "Free France," declared the De Gaulle headquarters in London, "will never recognize the cessions in French colonies to which the Vichy government has agreed." And the French commentator on the Singapore radio declared: "Indo-China was created by French admirals; it has been destroyed by French admirals who prefer to engage in politics rather than take their places on the fighting decks of their battleships."

Dr. Quo Tai-chi, China's foreign minister, stated at Chungking that Indo-China would henceforth be regarded by China as Japanese-occupied territory. The latest Japanese move, he declared, increased the menace to China's southwest border provinces and placed in jeopardy the rights, interests and possessions of all other powers in the western Pacific. China, he added, would do all in her power to prevent Japan's latest adventure from becoming successful.

Thailand Under Fire

Meanwhile, the question of Thailand looms large on the political horizon, a variety of reports suggesting that a Japanese move against that country, with southern Indo-China as the main base, is perhaps imminent. The **Japan Times & Advertiser**, mouth-piece of the foreign office in Tokyo, declared on July 24 that Britain was trying to "disrupt the good relationship which has developed between Japan and Thailand through mutual efforts" and went on to assert that "harassed Thailand" was in need of "external support"—meaning, obviously, Japanese occupation after the Indo-China pattern.

The **Domei** agency followed this up four days later with a Bangkok report which asserted that "British pressure against Thailand, which already is being applied through the concentration of British troops along the Malay and Burma borders, is likely to be increased following the Franco-Japanese agreement on joint defense of Indo-China."

The Chinese Board of Military Operations in Chungking, **United Press** reported on July 27, has received information that Japan has demanded of Thailand that she join the "New Order" bloc, in return for which Thailand would receive the French Indo-China provinces of Laos and Cambodia.

Japanese Threaten Dutch East Indies

A plain hint that Japan intends to bring the Netherlands East Indies under her control was voiced on July 28 by the **Tairiku Shimpo**, Japanese Army organ in Shanghai, coincidental with an announcement from Batavia that the N.E.I. government had decided, following the American and British examples, to freeze all Japanese credits in the Islands and place under strict control all trade between the Islands and the Japanese sphere of power.

The paper declared that Japan, following the "agreement" for "joint defense" of French Indo-China, had no intention to prevent Indo-China from exporting tin and rubber to the United States, provided the United States did not enforce an oil embargo against Japan. This would also be the case as regards exports to America from the N.E.I. "when the N.E.I. is included in the Co-Prosperity Sphere of East Asia, forming a common defense front with Japan," the paper declared, concluding by stating that "the Japanese people are determined to establish a Co-Prosperity Sphere in East Asia even at the risk of war in the Pacific."

Following announcement of the Vichy-Tokyo agreement on French Indo-China the authorities in Batavia decided to suspend the regular air service to Saigon and to make Singapore the terminus of the K.L.M. air service.

An **Associated Press** dispatch from Batavia, published in New York, said that Dutch forces in the N.E.I. were to hold a two-day "invasion test" starting July 27, the movements extending from Batavia westward to the Sunda Strait. At the same time, the press in Batavia stressed the need for the N.E.I. to rely on its own defenses, considering it vain to expect adequate aid from either the United States or Britain in the event of a Japanese attempt at invasion.

F.D.R. Confesses Appeasing Japan

Appeasement of Japan with oil to prevent spread of war to the South Pacific was admitted by President Roosevelt informally on July 24. This policy is now apparently discontinued, since the President has frozen Japanese credits and spoke of the policy in the past tense.

Speaking extemporaneously to members of the Office of Civilian Defense, President Roosevelt stated that Japan would have moved into the Netherlands East Indies a year ago had not the United States continued to sell her oil.

"It was very essential from our own selfish viewpoint of defense," he further stated, "to prevent war from starting in the South Pacific.....So our foreign policy was trying to stop war from breaking out down there.....

"It was essential for Britain that we try to keep the peace down there in the South Pacific. Therefore there was—you might call it—a method in letting this oil go to Japan with the hope—and it has worked for two years—of keeping war from the South Pacific for our own good and for the good of the defense of Britain and freedom of the seas."

Japan's Heavy Imports

Shutting off of oil to Japan, apparently assured by the freezing of Japanese credits in the United States on July 26, would be a heavy blow to Japan. Informed sources revealed

Japanese Blast and Burn Chinese Towns and Villages

Exclusive pictures in Shanghai of Japanese bombing expeditions into the interior of the country, resulting in the blasting and burning of innumerable undefended towns and villages. The description under the picture at the left, top, said that these Japanese naval bombers were "knifing" their way to Chungking in order to "shower" that city for the twenty-first time with death-dealing explosives and incendiaries. The picture at the upper right is an excellent photograph of the bombing of the unfortified and undefended Yunnan town of Chihtsun. The bombing took place on July 3. Of the two bottom pictures, the one on the left shows a Japanese "landing at daybreak" at the little Chinese town of Howchinkwan, some 40 kilometers northwest of Hankow on the Yangtsze. The inscription on the picture said that the landing was made "in the face of fierce Chinese resistance." The picture on the lower right, shows a Japanese plane, resembling a Curtiss Hawk, doing patrol work along the Yangtsze. None of the above pictures was printed in any Shanghai newspaper, but all appeared in the newspaperes in Japan, usually with headlines designed to arouse the Japanese to the "heroic" exploits of the Japanese military forces in China. The bombing picture was labeled, "Blasting the Old Order in China." All of the pictures were released by the Imperial Headquarters in Tokyo for publication in Japan, but publication in Shanghai was forbidden.

that during the first three months of 1941, exports to Japan included 1,932,000 barrels of crude oil, 1,097,000 barrels of gasoline, 1,102,000 barrels of gas and fuel oil and 241,000 barrels of residual fuel oil. Since the start of this year, Japan-bound oil shipments from California fields alone totalled 11,555,000 barrels.

Full effect of any embargo may be nullified by sales of oil to Japan by Mexico, however. A *Reuter* report from Mexico City dated July 27 states that contracts for the sale of 2,500,000 barrels of petroleum to independent firms have been signed by the Mexican Government. This large deal, because of possible closure of American oil markets to Japan, suggests a Japanese finger in the pie somewhere.

An oil embargo, which has been urged by many groups for the past two years, is given full approval by a majority of Americans. Mr. Wendell Willkie, Republican leader, stated on July 24 that an oil embargo on Japan should have been placed long ago.

Mr. Ford Simnis, of the Pacific Coast Petroleum Industry, declared on July 27 that "the oil industry will stop sales any time the State Department requests it to do so." He further stated that oil companies had not defended their sale of oil to Japan because they did not wish to reveal the Government's appeasement policy in the Far East until the President announced it.

Prediction was made by Senator Tom Connally, however, that the move would force Japan into the Netherlands East Indies.

Chinese Communists Pledge Soviet Aid

Wholehearted cooperation with the Soviet Union on all China fronts in the event of a Japanese attack on Russia was pledged by the Chinese Communist Party in an official proclamation on July 27, hardly ten days after the most recent Kuomintang-Communist friction disclosed by the official *Central News Agency* at Chungking.

The proclamation declared that as soon as Soviet-Japanese hostilities break out, all Chinese Communists will engage Japanese troops throughout China.

Satisfaction was expressed in the proclamation over Chungking's sympathy with Russia and its recent move of severing diplomatic relations with the Axis powers.

Laud Britain, Russia

The proclamation highly lauded Britain and Russia, stating that they are "two great countries and the main pillars of the anti-Fascist united front," adding that world history now depends on the Anglo-Soviet agreement.

Referring to the arrival in Chungking of Mr. Owen Lattimore, new American political adviser to General Chiang Kai-shek, on July 18, when renewed Kuomintang-Communist friction was made known, the Nanking-sponsored Central Press Service of China claimed that the American adviser had failed in his efforts to effect a compromise between the Kuomintang and the Communists, owing to divergences of opinion between Chiang and Lattimore. Lattimore requested Chiang, it was claimed, to release Generals Feng Yu-hsiang and Chang Hsueh-liang, first in order to appease the Communists, but Chiang insisted that Chang and Feng must promise to do their best in settling the Kuomintang-Communist dispute before they could be released.

The report further stated that Madame Sun Yat-sen flew to Yenan on July 26, accompanied by a counsellor of the Soviet embassy, to strive for a compromise between the dissenting political parties.

Japanese to Be Barred From U.S. Air Lines

The U.S. Government is expected to issue a ruling prohibiting Japanese subjects from travelling on American commercial airliners without the specific approval of the Federal Bureau of Investigation, according to a Domei report on July 23 which quoted the New York tabloid newspaper, the **Daily Mirror.** Only those making what are considered "legitimate" trips will be granted passage, the report stated.

U.S.-Britain Smite Japan for New Indo-China Grab; Freeze All Assets

Retaliating against Japan's action in "inducing" France to cede naval and air bases in French Indo-China, the United States, Great Britain and British dominions delivered a heavy economic blow to the Japanese Empire on Saturday last, July 26, when they issued orders "freezing" Japanese assets under their jurisdiction and control. The United States simultaneously froze Chinese assets at the request of the Chungking government.

The concerted nature of the Anglo-American move was apparent. It is also of interest to note that the American action followed by exactly two years the move of Washington in giving notice to abrogate the American-Japanese trade treaty of 1911. Notice was served on Japan by the State Department on July 27, 1939 and the treaty expired six months later without being renewed.

Britain did not follow the example of the United States at that time, but did so simultaneously with the freezing order last Saturday. The British Government denounced, without notice, the Anglo-Japanese treaty of commerce and navigation. India and Burma terminated their trade agreements with Japan. In Malaya the Straits Settlements Government froze Japanese assets and similar action was taken by Canada, the Union of South Africa, Australia and New Zealand.

Freezing of Japanese assets in the United States, and in United States territories and possessions, was effected through an executive order issued by President Roosevelt on the night of July 25 and made effective the following morning. It followed by two days a stern denunciation of Japan's latest move in French Indo-China by Under-Secretary of State Sumner Welles. Further measures of reprisal against Japan have been foreshadowed, although their exact nature has not been disclosed.

It was believed that the Japanese government and Japanese commercial interests, anticipating the freezing order, had liquidated a considerable part of their holdings in the United States. Nevertheless, assets frozen are believed to exceed US$200,000,000, representing credits held by import and export firms, branch banks, cotton compress companies, and including three Japanese freighters in American ports.

Application of the freezing order to China, according to explanattions in Chungking and Washington, was designed to prevent dealing in Japanese assets camouflaged as Chinese assets. In order to prevent any disruption of China's trade, the U. S. Treasury immediately issued general licenses to 14 well-known banking corporations of various nationalities, permitting them to finance imports and exports between any part of China (except Manchuria) and the American republics, the U.S.A., the British Empire, the U.S.S.R. and the Netherlands East Indies.

These banks were the Chase Bank, National City Bank of New York, Underwriters Savings Bank, American Express Company, Moscow Narodny Bank, Thomas Cook and Son, Hongkong and Shanghai Banking Corporation, Mercantile Bank of India, David Sassoon and Company, E. D. Sassoon and Company, E. D. Sassoon Banking Corporation, Chartered Bank of India, Australia and China, Nederlandsch Indische Handelsbank, Nederlandsche Handels Maatschappij.

The licenses permit any of these ininstitutions to make transactions incidental to financing exports and imports, but prohibits payments from blocked accounts for any other type of transaction.

U. S. Treasury licenses were also issued for certain institutions in the Philippines, while a general license was issued "extending the privileges of all general licenses to Hongkong to the same extent as if Hongkong were part of China."

Text of the freezing order issued by President Roosevelt was as follows: "In view of the unlimited national emergency declared by the President, he has today issued an Executive Order freezing Japanese assets in the United States in the same manner in which the assets of various European countries were frozen on June 14, 1941. This measure, in effect, brings all financial and import and export trade transactions in which Japanese interests are involved under control of the Government and imposes criminal penalties for violation of the Order.

"This Executive Order, just as the order of June 14, 1941, was designed among other things to prevent the use of financial facilities of the United States and trade between Japan and the United States in ways harmful to national defense and American interests, to prevent liquidation in the United States of assets obtained by duress or conquest, and to curb subversive activities in the United States.

"At the specific request of Generalissimo Chiang Kai-shek, and for the purpose of helping the Chinese Government, the President has at the same time extended freezing control to Chinese assets in the United States.

"Administration of the licensing system with respect to Chinese assets will be conducted with the view of strengthening the foreign trade and exchange position of the Chinese Government. Inclusion of China in the Executive Order in accordance with the wishes of the Chinese Government is a continuation of this Government's policy of assisting China."

The actions of the United States and Britain have brought Japan's trade with those countries and with the British Empire under effectual government control. Only such transactions can now take place as the respective governments choose to permit under the general licensing system. Leniency was expected to be shown to Japanese firms in the United States, according to **United Press**, to enable them to meet their customary business expenses, but all licensing applications involving important transactions will go before a government policy committee in Washington.

Japan Freezes U.S.-British Assets

A freezing order immobilizing American assets in Japan and the Japanese Empire went into effect on the morning of July 28, and was applied to nationals of the Philippines. It was followed by similar action with regard to the British Empire.

United States investments in Japan were estimated by the U.S. Department of Commerce to total U.S.$217,000,000, including U.S.$67,000,000 in short-term holdings, US$45,000,000 in direct holdings, and U.S.$105,000,000 in Japanese securities. The principal holdings will not suffer any sudden loss, it is believed, because Japan has for some time past immobilized them by measures of exchange control.

Direct Japanese-American trade is the important consideration. In 1940, Japan imported U.S.$227,000,000 worth of American goods, while the United States imported from Japan goods to the value of U.S.$158,000,000.

The precise effect of the Anglo-American freezing orders will depend upon the severity with which the licensing system is operated in trade with the Japanese Empire.

American firms in Japan immediately affected by the Japanese freezing order include General Motors, Standard Oil, Tidewater Oil, National Cash Register, International General Electric, National City Bank of New York, and leading motion picture companies operating through the Universal Film Distribution Company.

A **United Press** report from Tokyo said that Americans in Japan were preparing to leave the country at an early date, since the Japanese freezing order would make it impossible to conduct any business activity. Americans in Japan, excluding American-born Japanese, number 621, it was stated. There was some speculation as to whether the United States would provide special shipping facilities to evacuate American residents if regular calls at Japan are omitted as a result of the new situation and Japanese ships discontinue voyages to the United States.

On Tuesday of this week the Standard Oil Company discontinued selling gasoline throughout Japan due to the impossibility of depositing receipts and remitting profits to the home office.

N.E.I. Ends Oil Pact with Japan

Virtual abrogation of the November, 1940 agreements between Japan and the Netherlands East Indies oil companies took place early this week when the government at Batavia terminated the yen-guilder agreement, thereby placing transactions between Japan and N.E.I. oil companies on a U. S. dollar basis and making it extremely difficult, if not impossible, for Japan to continue obtaining deliveries called for by the agreements.

This move was followed on July 30 by a another, apparently directed at Japanese shipping. The commander-in-chief at Batavia issued a decree that all ships henceforth must obtain permits for bunkering, provisioning and docking in N.E.I. ports. These permits generally will be granted to ships sailing under "friendly flags," it was stated. They will be issued by the N.E.I. navy directly, or through local government organs, and can be obtained by ships' agents. Japanese ships are at present steering clear of N.E.I. ports.

These moves, apparently quite unexpected in Tokyo, provoked threatening statements in the Japanese press. The Tokyo **Asahi** declared the N.E.I. action was a "political move" and that the Japanese Government would attach the greatest importance to further developments. The **Yomiuri** referred to Batavia's attitude as "increasingly audacious" and said Japan was "sternly watching developments." **Domei**, in a report from Batavia, said N.E.I. oil is "indispensable" to Japan, which is "vigilantly watching" N.E.I. behavior.

Under the November, 1940 agreement Japan has been securing 760,000 tons of crude oil and 546,000 tons of oil products annually. The Batavia press expressed the opinion that shipments to Japan would not be halted "immediately," since allowance was being made for the possibility that Japan might "climb down" from her present attitude.

Dr. Alexander Loudon, Netherlands minister in Washington, told the press on July 29 that oil wells and refineries in the N.E.I. would be "effectively destroyed" in case of extreme emergency. All preparations for such destruction had been completed some time ago, he declared.

THE CENTRAL TRUST OF CHINA

HEAD OFFICE:

CHUNGKING

WITH BRANCHES AND SUB-BRANCHES THROUGHOUT CHINA, THE TRUST IS WELL EQUIPPED TO TRANSACT TRUST BUSINESS OF VARIOUS KINDS, INCLUDING SAVINGS, INSURANCE, EXPORTS, ETC.

●

TELEGRAPHIC ADDRESS:

5665 CHUNGKING

Nippon Vessels Not to be Held

Fears for the security of Japanese ships in American waters were relieved when Washington officially announced on July 26 that freezing of Japanese assets does not include seizure of Nipponese ships.

All Japanese vessels, however, will automatically come under marine control regulations and will be unable to sail without the permission of the United States Treasury authorities. Officials also said that the rule would not apply to cargoes on ships, because so many hypothetical questions were posed that different regulations would be fitted to individual cases. Any attempt to change title of vessels in port, or otherwise violate the shipping regulations, would result in placing the ships under freezing controls, it was stated.

Effect of the explanatory announcement on 45 American-bound Japanese ships hove to off the Pacific coast, is not known, however. These vessels, stopped by radio following denunciation of Japan's latest Indo-China aggression by Under-Secretary of State Sumner Welles, may either procede to Mexico to unload and refuel, or may return to Japan with their cargoes.

Tatuta Maru Delayed

Included among the 45 ships hove to in the Pacific is the N.Y.K. liner, **Tatuta Maru**, bound for San Francisco with American passengers and a record cargo of U.S.$3,000,000 worth of silk aboard. The liner was within a few miles of the Golden Gate when it heard of the Welles denunciation and suddenly turned back into the open ocean. It was later reported that the ship was going to dock.

Meanwhile, Japanese ships in the United States and its possessions hurried sailing preparations. The N.Y.K. 20,000-ton liner Hsuimi Maru, stopping in Manila on July 26, hurriedly disembarked passengers and cargo in order to leave the next day, while the sailings of two Japanese freighters to the United States from Yokohama were cancelled.

Hongkong was avoided by Nipponese vessels. Branch offices of Japanese steamship firms in the crown colony are reported by *Domei* to have announced that their liners and freighters have cancelled Hongkong calls. The Nitta Maru and the Nagata Maru have both already avoided the port.

Shipping restrictions to Japan on Japanese ships have been made, it was revealed on July 25 by Mr. Tomokazu Hori, local Japanese Embassy spokesman. While the N.Y.K. line will accept all passengers, the T.K.K. line will book passage neither to Nagasaki nor Kobe. The D.K.K. office, although booking foreigners to Tsingtao, will not carry them to Dairen. Reason for this is said to be increased conscription in Japan which has overburdened transportation facilities.

British Stalinist Organ Cannot be Published

The British Government has no intention of permitting the **Daily Worker**, organ of the British Communist Party, to reappear, Mr. Herbert Morrison, Minister of Security, stated in the House of Commons on July 24. The government suspended the paper shortly after the outbreak of the war in Europe, when Stalin and Hitler were bosom friends and the British Communists acted accordingly.

Mr. Morrison told the House that in this critical period the government did not feel justified in relaxing measures against a paper which systematically had fomented opposition to Britain's war efforts, adding: "If the British Communist Party is now prepared to aid our Russian ally by giving to our war effort the assistance which they previously were not prepared to give their own country, I welcome the change as far as it goes, but it would be premature and rash to treat the latest of their sudden conversions as a lasting change of heart."

Chinese Sailors Shy At Trip to England

Twenty-five Chinese sailors jumped overboard from the British tanker Cardita as it was steaming out of Bayonne, New Jersey, bound for England, according to a **Transocean** report from New York on July 25. The sailors had experienced a German air attack on Liverpool, the report stated, and fearing another one they attempted to escape from the ship rather than proceed to England. Harbor police rescued the sailors. Five elected to return to the ship, the other 20 preferred to go to jail.

How Japan Missed Her Destiny on the Seas

BY ADMIRAL WILLIAM V. PRATT, U.S.N.

(Newsweek, June 9, 1941)

It is no far cry from the war in the Mediterranean to the Orient, for Germany's challenge to existing sea power affects every corner of the world. Japan is Germany's partner in the Axis. Consequently, Foreign Minister Matsuoka had no comments to make on President Roosevelt's last fireside chat until after consultation with the German Ambassador, when he reaffirmed the Axis tie. What Matsuoka, as a totalitarian couldn't say, is that Japan also has a vital interest in the liberal principle of the "freedom of the seas," one of the keystones of American and British policy.

Some years back, Japan embarked on a career which has led her step by step to the plight she is now in. The occupation of Manchuria might be excused on the grounds of a Russian threat of encirclement, but no such plea could be offered for the invasion of China. It was then that Japan flung the remains of her liberal policy to the winds and embarked on a course which was dictated by the military group. But Japan is a sea power, and it was dangerous when the country subordinated naval to military policy and embarked on the road of military conquest.

What Japan needs is economic prosperity. Where would she be today if she had visualized her destiny as a sea and not a military power? There would be no war in the Orient. Every effort in that world area could have been productive. In this European war, Japan could have been a great neutral. Able to produce in a world free from strife, and to trade and carry where she chose, she would have prospered enormously and started on the road of economic sufficiency. Fate had a great role in store for her, but today she is a small tail to a big Hitler kite.

What part in the Axis triumvirate does Hitler expect Japan to take? First, it was to keep America from throwing her full aid to Britain, by raising a bogey man in the Pacific. That hasn't worked.

Now the best support Japan could give the Axis would be to start a sea offensive against the aid going to Britain via the Indian Ocean. This operation would leave Japan herself, as well as the lines of communication to her military forces, open to attack, and gain her nothing except Hitler's promises. To launch a military drive at Singapore or the Netherlands Indies would mean another long, hard war. Hitler's gain in the Mediterranean would in effect be Japan's loss in the Orient, for the remains of Britain's fleet could move there. And America backs Britain wherever she makes her stand.

When Matsuoka returned from Berlin, apparently he was Hitler's whitehaired boy. Even Mussolini and Stalin took a back seat. In the twinkling of an eye, however, the scene shifted. Vichy now forges to the front as the one able to give the Reich more favors than Japan can. With full collaboration between Vichy and Berlin, which seems on the way to consummation, Japan cannot even be sure of keeping the gain made at the expense of France in Indo-China.

The agreement between Japan and Russia holds its imponderables, too. Apparently Hitler and Stalin are not preparing to fight now, but to reach a closer collaboration. It would suit their plans well if Japan should start a fight which, whatever else happened, would weaken her sea power and consequently her ability to defend her interests in the Orient. Then if Hitler finally won, he would be in better case to put pressure on Japan to give up her war gains, or at least to accept the Nazi economic order, which from all accounts does not square with Japan's scheme for a new Oriental prosperity sphere. And Russia, refreshed by a meal in Asia Minor, could again creep back and knock at the back door of a weakened Japan.

Behind the official façade of loyalty to the Axis, many wiser and older heads know that Japan's true interests do not lie along the path mapped out by Nazi schemers, but parallel those of Britain and America. They feel that Hitler, motivated by totalitarian principles, has little to

Sassoon's Appeal For U.S.-British Union

"INCLUDE US IN," SIR VICTOR
"ENGLAND AND THE UNITED STATES MUST OPERATE UNDER ONE GOVERNMENT"
SAMUEL GOLDWYN STUDIO
"INCLUDE ME IN, SIR VICTOR!"
"HEY MISTER PRESIDENT, I'VE DISCOVERED A SUBVERSIVE PLOT TO CHANGE OUR FORM OF GOVERNMENT!"
WHITE HOUSE
GOOD NIGHT!!
FRANKLIN D ROOSEVELT FIRST THIRD TERM PRESIDEN — FIRST PRESIDENT OF ANGLAMERICA !!!??!!!

The above cartoon by the famous American cartoonist John T. McCutcheon appeared in the Chicago Tribune and was inspired by the recent statement of Sir Victor Sassoon, while in the United States, that America and Britain should unite against Hitlerism. Sir Victor's statement, which he later said had been exaggerated, was made at a luncheon given him at the Samuel Goldwyn studio in Hollywood. Aside from Mr. Goldwyn, two other motion-picture executives were present. In a later statement (Chicago Tribune), Sir Victor said that his statement favoring a union of Britain and the United States was entirely personal and he had no intention of starting such a movement. However, he said that such a union would have many advantages for both countries, one being that it would enable the United States to keep Hitler out of South America. This could be achieved through united action of the Anglo-American navies. He said that he "didn't have the vaguest idea whether Great Britain would be willing to become a republic in order to join the United States."

offer a satellite Japan in the way of a sound economic future commensurate with the liberal method backed by the economic strength of Great Britain and America. The Mussolinis, Darlans, and Stalins whom Hitler manipulates so masterfully in Europe are only the puppet masters of beaten or hollow nations; Japan, however, still has the freedom of action to save its own interests.

British Press in Hankow Paralyzed

British press institutions in Hankow have been brought to a state of suspended animation by strikes of their Chinese employees. The **Central China Post**, sole British newspaper in the middle Yangtsze city, and **Reuter's** Hankow office were both obliged to suspend on July 15, although the fact was not made known in Shanghai until late last week. Intimidation by the Social Bureau of the puppet Chinese municipality is believed to be back of the strikes.

The situation took a more serious turn on July 21 when the apartment of Mr. H. J. Archibald, publisher of the **Central China Post** and **Reuter's** acting manager, was systematically reduced to a shambles by a Chinese mob who drove up in a truck, allegedly accompanied by several Japanese in plain clothes, the Shanghai office of **Reuters** reported.

The Japanese authorities at Hankow denied all knowledge of the incident and described it as a "purely Chinese affair," the report continued.

"The raid was immediately reported to Mr. J. W. O. Davidson, British Consul-General, who later interviewed the Japanese Consul-General. The matter was also brought to the notice of the Chinese mayor by Mr. J. F. Brewis, British vice-consul.

Furniture of every description in Mr. Archibald's apartment including a valuable radio set, a bed, tables, chairs and mirrors, were smashed, and fans and lights destroyed by the mob, the report stated. A middle-aged Chinese nurse and a cook-boy in Mr. Archibald's house were abducted by the mob.

"Reuters Chinese staff, who are still being kept from their work by intimidation, took no part in the raid," the report concluded.

The **Central China Post** staff were held incommunicado in a Chinese Hotel, were well fed and cared for but kept under a strong guard. The management of the paper was given to understand that four demands will be presented by the Municipality's Social Bureau, namely:

1. Employees to be given a free hand to "do as they like"; 2. A union to be formed among the staff; 3. A. rice allowance of unspecified amount to be granted (one is already being paid); 4. The "Central China Post" to amalgamate with the "Wuhan Pao," and print only English translations of what is published in the Chinese newspapers; no Reuter's or pro-Allied news to be published.

Iwamura Named Japan's Minister of Justice

Mr. Michiyo Iwamura, Procurator-General, was taken into the Japanese cabinet on July 25 and given the post of Minister of Justice, until then held concurrently by Prince Fumimaro Konoye, the premier. The new incumbent was born in 1883 and graduated from the Law School of Tokyo Imperial University in 1910.

Have You Seen

The New

Captain Schick

with the

Non-Vibrating Contact Arms?

It Runs Smoother, Shaves Quicker.

You will not need a washbowl to catch those beard clippings. You can shave in any room of the house, or at your office. Every single whisker is captured and kept in the "whisk-it" until you have finished shaving.

No Soap! No Scraping! No Soreness!

ALEXANDER CLARK CO., (SHANGHAI), LTD.

SASSOON HOUSE TELEPHONE 10719

WORLD-WIDE

RADIOTELEGRAPH SERVICE

"Via RCA"

R.C.A. Communications, Inc.

(a Radio Corporation of America Service)

Connecting with
WESTERN UNION
in the **UNITED STATES**

SASSOON ARCADE NANKING ROAD

Tel. 12558

Slaying of Japanese Naval Sentry Causes Fresh Furore in Hongkew

Japanese invading forces and their supporters suffered the brunt of political terrorism in Shanghai during the past week as Chinese patriots killed one Japanese naval sentry, wounded a Nipponese soldier and a Nanking "labor leader," and allegedly attempted to kill Mr. Yutaro Hanawa, head of the Mitsui Bussan Kaisha and member of the Shanghai Municipal Council.

Seaman Kenzo Jotoku, member of the Japanese Special Naval Landing Party, was shot dead by a lone Chinese gunman at the corner of Kwenming and Paoting Roads in Yangtszepoo on July 26 when he attempted to inspect a suspicious-looking Chinese. The terrorist, despite shots fired by the dying sailor, made good his escape.

Bridges Closed Again

Following the incident, all bridges over Soochow Creek were closed and Japanese Naval Landing Party sentries instituted one of the most thorough searches the Hongkew area has experienced. Sentries detailed to each corner made repeated examinations of foreigners, both male and female, as well as Chinese, and kept them standing north of the creek in the rain for hours. The search failed to reveal the gunman, however.

What was alleged by Japanese authorities to be an attempt on the life of Mr. Hanawa at his home, 114 Route Pere Robert in the French Concession, was made on July 28. Japanese **Domei** reports insist that terrorists threw a number of hand grenades into the council member's home, after which a caretaker shot and killed one of the would-be assassins.

The French authorities, however, assert that the purported assassination attempt was in reality merely a gun battle between police and armed robbers who happened to pass by the Japanese official's home. The report that hand grenades were thrown was ridiculed by Concession officials.

Previous Attempt Recalled

It will be recalled, however, that a previous attempt was made on Mr. Hanawa's life by terrorists who threw a bomb into his residence some time ago.

Another Japanese, this time a soldier on sentry duty, was the target of Chinese bullets on July 27. The soldier, one of three patrolling the area near the Siccawei Observatory, was slightly wounded when a number of Chinese guerillas opened fire on the patrol party.

Despite pursuit of the Chinese by the two other sentries, the guerillas escaped. They also avoided the extensive search of the area which the Japanese immediately instituted, the chief effect of which was to prevent the July 28 Siccawei weather forecast from reaching Shanghai papers and residents.

Terrorists made a third attempt to kill Zah Zee-foh, mechanic employed by the French tramway company, when they wounded him in front of his home at 792 Rue Admiral Bayle on July 29.

Zah, who is reported to be a leading supporter of the Nanking-sponsored tram workers' union, was fired on twice by a lone gunman. One shot missed him but the other lodged in his shoulder, giving him a slight flesh wound.

The Nanking labor leader was twice before fired at, once on May 28 when he was riding a bicycle and again on June 27 near a bus stop.

Mill Manager Nabbed

Woo Ching-yu, manager of Sung Sing Cotton Spinning and Weaving Company, Mill No. 2, and his 20-year-old son, Woo Chung-yih, were taken into custody by Japanese gendarmes from their home at 170 Rue Pershing on July 27. French Police are said to have been aware of the abduction.

Whether the detention of the elder Mr. Woo, whose factory is located at 140 Macao Road, has any connection with the reputed Nanking attempt to gain control of the Sung Sing mills this month is not known.

Both father and son are being held in the Hongkew headquarters of the Japanese gendarmerie.

MacArthur Named to Far East Command

A new U.S. Army command, to be known as the "United States Forces in the Far East," was created by President Roosevelt on July 26 simultaneously with the development of the crisis in this part of the world marked by Japan's new grab in French Indo-China and retaliatory American action in freezing Japanese assets in the United States, its territories and possessions.

General George MacArthur, former chief-of-staff of the U. S. Army, was placed in charge of the new command with the rank of Lieut.-General. His appointment by the President was confirmed by the Senate with a unanimous vote on July 28.

At the same time, all Filipino armed forces have been incorporated into the armed forces of the United States. These forces were being trained by Lieut.-Gen. MacArthur. American troops in the Philippines number 75,000 men.

Creation of the new command, Lieut-Gen. MacArthur told the press in Manila on July 27, "can only mean that the United States Government intends to maintain, at any cost and effort, its full rights in the Far East. It is quite evident that its determination is immutable and its will indomitable. To this end, both American and Filipino soldiery can be expected to give their utmost."

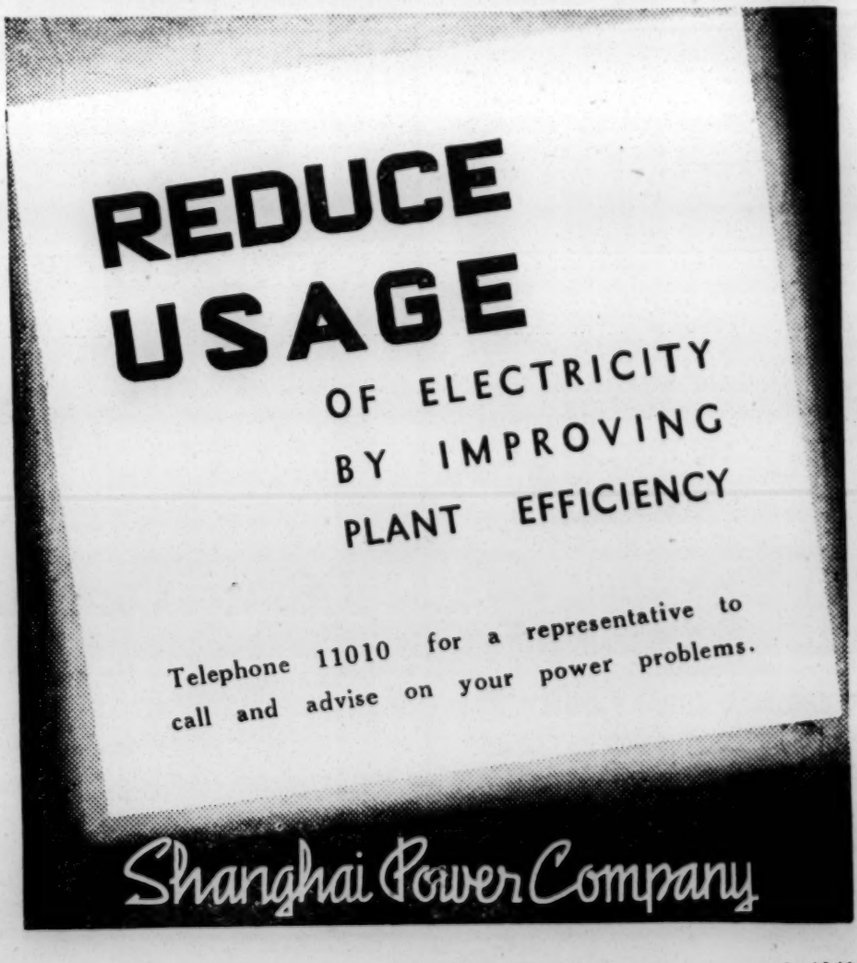
Restrictions on Nippon Fishermen in Cuba

The Cuban State Department last week imposed restrictions on the activities of Japanese fishermen operating in Cuba's coastal waters, according to a **United Press** report from Havana. Naval sources at Havana said that in view of the increased danger of war between the United States and Japan, it was necessary to impose stricter supervision over all marine activities, and that this was the reason for the new regulations.

Japanese Securities Drop on N.Y. Exchange

Japanese securities quoted on the New York Stock Exchange embarked on a swift decline when it became known that Japanese assets in the United States were to be frozen. Between July 24 and 26, **Havas** reported, some issues dropped as much as 20 points. Japanese Government 5½ percent bonds dropped eight points, while 6 percent Yokohamas dropped ten and a quarter points.

The freezing order in the United States brought a selling wave in the stock and raw silk markets in Tokyo, **Domei** reported. Stocks declined to the lowest level in years.



China Commends Anglo-American Freezing of Dai Nippon's Assets

The concerted Anglo-American move in freezing Japanese assets as an act of retaliation for the Japanese occupation of southern French-Indo-China has been welcomed in Chinese circles, official and unofficial, as the first step in a "positive policy" which marks the final end of all efforts to appease Japan.

An official Chungking Government spokesman expressed gratification over the prompt and drastic freezing order, and voiced the hope that an embargo on all oil shipments to Japan would be instituted.

In connecttion with the freezing of Chinese funds and their possible release to the Chinese government, it was recalled that months ago newspapers in Chungking urged the Government to take over all Chinese foreign exchange and compensate the holders with national currency at the official rate of exchange or with war bonds.

Only the First Step

The official **Central Daily News** described the Anglo-American step as the first effective measure against Japan. Hitherto, the journal declared, Great Britain and America had only resorted to assistance to China.

Declaring that the freezing of assets is merely a preliminary measure on the part of the democracies to check Japanese aggression, the journal anticipated more measures to follow, and hoped that Russia would closely cooperate with the United States and Britain in their move against Japan.

Referring to the freezing of Chinese assets, the journal said that frozen Chinese assets might be used as security for the purchase of American and British supplies on credit, and it would stop the flight of Chinese capital abroad.

Will Not Harm China

Commenting on the Anglo-American freezing orders, the Shanghai **Shun Pao** said that these measures will have no harmful effect on the livelihood of the Chinese people, and are the most effective means of suppressing foreign exchange speculation and "gambling" in commodities.

The journal explained that, while the United States has limited the supply of foreign exchange to China and Japan, transactions in foreign exchange can still be made indirectly through some other countries on which the United States imposed no restrictions.

Since the supply of foreign exchange to legitimate business has not been curtailed, there is no reason for commodity prices to rise as a consequence of the freezing order, the journal said. The freezing order, moreover, will probably cause a drop in the Japanese Yen, and consequently will lower the price of rice which was transported to Shanghai from Indo-China, now under Japanese occupation, the journal concluded.

Hope that there would be "a complete economic blockade against the Pacific partner of the Axis" was voiced by Dr. Hu Shih, Chinese ambassador to Washington, on the day when the American government issued the freezing order.

Declaring that the joint Anglo-American move in freezing Japanese assets is a "staggering blow" to Japan's economic machinery, the **Shen Chow Jih Pao** (National Herald) at Shanghai predicted that Japan is not likely to wage a war with Britain and America at the preseent time in view of the military stalemate of the Germans in their Russian drive.

The journal pointed out that two-thirds of Japan's imports hitherto came from America and Britain, while more than 50 per cent of Japanese exports went to Anglo-American markets. Concluding, the journal urged the A. B. C. D. powers (America, Britain, China and the Dutch East Indies) to be prepared for joint armed action to check Japanese aggression in the south Pacific.

The Japanese press was unanimous in minimizing the effect of the Anglo-American freezing orders, asserting that Britain and the United States would be equally hard hit.

Great Britain, by abrogating her commercial treaties with Japan, the Tokyo **Nichi Nichi** editorially declared, "has been good enough to do just what we wanted." Japan has for a long time found these treaties "inconvenient," as they obliged her to extend most favored nation privileges in East Asia to third nations hostile to Japan, and the European war has also its effects in upsetting the trade balance, the paper added.

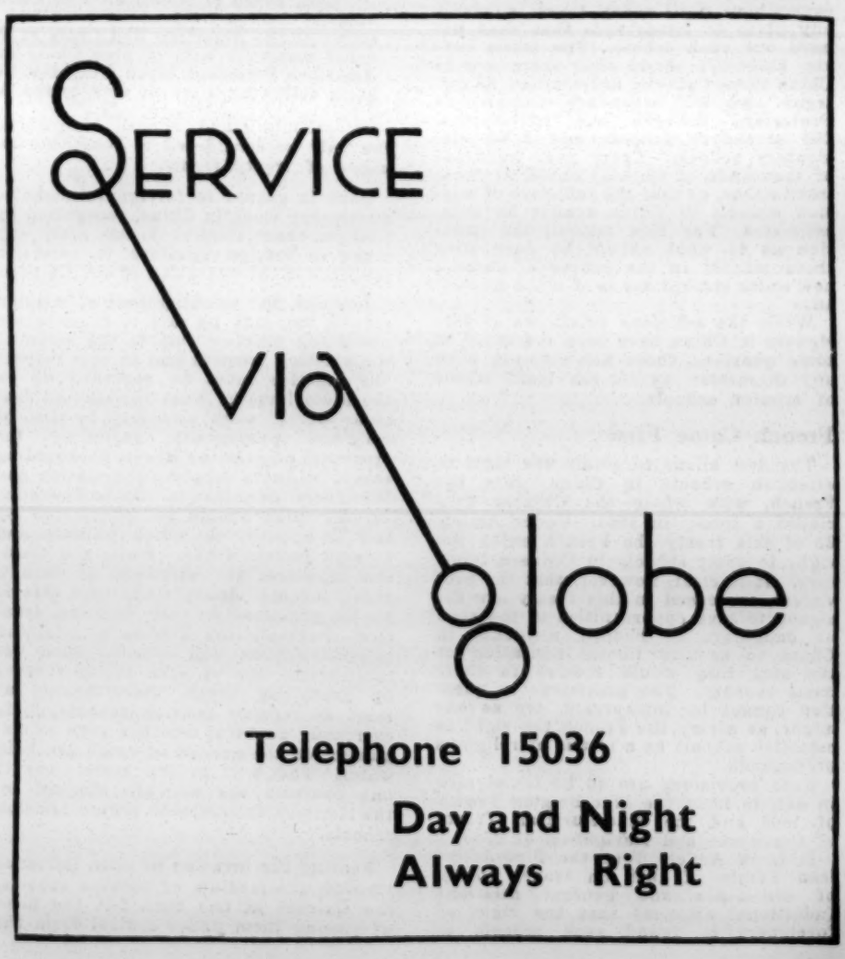
The paper pointed out that if Article 4 of the Anglo-Japanese trade treaty is abolished, it would mean the closing of all Japanese consulates in British territory, adding that "whether Britain can take this sort of measure is the question."

Questioning the Anglo-American desire to keep peace in the Pacific, the Tokyo **Asahi** urged the two nations to face developments with an open mind, and try to understand "our nation's determination to settle the Pacific problem peacefully, which provides the key to a solution of the Pacific issue." The paper also claimed that the lack of understanding on the part of the United States and Britain in the past drove Japan away from them and made their own position worse.

Dr. Nobufumi Ito, president of the Cabinet Information Board in Tokyo, stated in a radio address on July 26 that the freezing order would have "no serious effect on our country from the economic standpoint," but that counter measures would nevertheless have to be adopted. He added that Japan's intentions in Indo-China were purely "defensive" and peaceful and that "if the United States cannot or will not understand the real intention of Japan, and is now bent on exerting pressure on Japan, the inevitable conclusion is that the United States Government is a government that disturbs peace. The responsibility for such actions must rest entirely with it." He appealed to the United States to reconsider its attitude, and urged the Japanese people to remain calm and to have confidence in the measures of their government.

U.S. Machine Tool Experts for China

Two outstanding American machine tool experts, Karl T. Compton, president of the Massachussets Institute of Technology, and Morris L. Cooke of the Office of Production Management, have agreed to render service in efforts to develop modern small-scale industry in China though the medium of the American Committee to Aid Chinese Industrial Cooperatives, according to a **Havas** dispatch by mail from New York. They will serve as technical advisors to the Committee, it was stated.



Mission Schools in China Have no Legal Status, Former Professor of Tung Wen Discovers

BY TOSHIO UYEDA

Ex-Professor at Tung Wen College, Shanghai

(Translated from the "Gaiko Jiho," June 15, 1941)

As the China Affair unrolled itself, foreign rights and interests in China offered various obstacles in the way of Japan's strategic operations. It is still quite a problem what should be done with foreign rights and interests in the Japanese-occupied areas, which are hampering the work of building up a new order. Among such foreign acquisitions, it should not be forgotten that there are the religious rights which had been ceded to the various Powers.

From the standpoint of treaties, the religious privileges confirmed by the Chinese authorities, according to their interpretation, are strictly confined to Christianity—Catholic and Protestant—and are not extended to any other religion, not even the Japanese sects of Buddhism. The foreign rights in question are the right to free worship on the part of Christian missionaries, the right to carry on missionary work in Chinese territory and the rights to protection, domicile and property ownership. What the writer wishes to discuss in this article is the question of mission schools in China; whether foreign missionaries really have the right to erect schools in China and to educate the Chinese.

First Mission School

The first mission school to be established in China was the St. Ignatius College, a Catholic institution, erected in a suburban area of Shanghai in 1850. Since then, such schools have been built everywhere until today there is hardly any place of importance that does not have one such school. The latest survey (1936-37) shows that there are in China three Catholic universities, 52 colleges and 432 secondary schools, 21 Protestant colleges and universities, 255 secondary schools and 2,795 elementary schools. Every year hundreds of thousands of Chinese enroll at these institutions, so that the influence of mission schools in China cannot be overestimated. For this reason, the question as to what should be done with these schools in the course of Japan's new order enterprises is of much importance

While the religious privileges of foreigners in China have been discussed in some quarters, there has scarcely been any discussion as to the legal status of mission schools.

French Came First

The first aliens to obtain the right to establish schools in China were the French, with whom the Chinese concluded a treaty in 1844. Under Article 22 of this treaty the French enjoy the right to erect schools in Chinese territory. It is clear, however, that the provisions concerned in this treaty are designed to give opportunities to the sons or daughters of French residents in China to acquire liberal education of the sort they would receive in their home country. The provisions in question cannot be interpreted, try as one might, as giving the French the right to establish schools as a means of religious propaganda.

Such provisions are to be found also in Article 12 of the Sino-Belgian Treaty of 1868 and the Sino-Austrian Treaty of Commerce and Navigation of 1869.

It is in Article 7 of the Sino-American Treaty of 1868 on trade, liberty of conscience and general relations (additional articles) that the right of foreigners to found such schools in China is most clearly and representatively set forth. Its provisions, however, are the same as the corresponding ones in the Sino-French pact and cannot by any stretch of meaning be conceived as giving the right to foreign missionaries to educate the Chinese through mission schools. Moreover, it is to be noted in connection with the above provisions that the establishment of schools by foreigners is permitted on any "land where the residence of aliens is permitted by a treaty with the Chinese Empire," that is, in open port areas. Even if the founding of mission schools were a right granted by treaty, the present situation in which such schools stand almost everywhere can only be considered to constitute an abuse of treaty rights.

Even in regard to foreigners' right to missionary work in China, recognized by treaties, those treaties do not grant any right to foreign missions to establish schools for the education of the Chinese.

In brief, the establishment of mission schools can only be said to constitute a prevailing practice outside the scope of the existing treaties and in this respect the practice must be regarded as on the same level as what jurists call "secular work," work accessory to that of religious propaganda, including the operation of printing offices, bookbinding shops, business schools, pharmacies and foreigners' dormitories. As to how such secular work should be interpreted by law is a point on which Chinese and foreign jurists differ. While the Chinese repudiate the existence of such a right, foreign jurists claim that this is to be protected by the existing treaties. Probably the Powers maintaining mission schools will consider their establishment one of such rights formed by prevailing usage. Nevertheless, at least as regards mission schools, it is extremely doubtful whether such an argument on the ground of usage can hold water. This will become more clear if one consults the attitude adopted by the National Government toward mission schools.

Fearing the invasion of alien influence through the medium of mission schools, the Chinese at one time felt the need of placing them under control from the standpoints of educational administration and ideological public security. They took the line, therefore, that since foreign missionaries had not been accorded the right to establish mission schools in Chinese territory, it would not be inconsistent with international law to make them subject to the laws of the land by invocation of sovereign rights. Owing to the weakness of the Chinese State itself, however, the point could not effectively be carried and for long years the matter had to be left to take its course. With the establishment of the Chinese Republic, gradually the authorities came to feel themselves strong enough to insist on this point. Already in 1917, 1920 and 1921, the Chinese Government had promulgated decrees that all educational institutions founded on foreign assets should be treated on a par with any private school in China. On November 16, 1925, the Chinese authorities strengthened their control over mission schools by decreeing that, regardless of grade, any educational institution maintained by foreign funds should apply to the Government for license; such schools shall prefix the name "private" in all formal reference thereto; the chancellor or principal of such a school shall be a Chinese; in a case where there is a board of trustees, at least half the members of the said board shall be Chinese; such an educational institution shall not be designed for missionary work and the curriculum of such an institution shall be based on the standard set by the Department of Education and religious subjects shall not be included among major courses.

Further, in accordance with legal stipulations, the Chinese Government adopted a policy of making discriminations in the voting rights of school and university graduates according to whether the school or university has registered with the Education Department. In other wordrs, graduates of a Christian school or university may enjoy various voting rights only if the school or university is registered with the Government.

On August 29, 1929, a similar stipulation was made in the Private School Registration Regulations: "Students or graduates of a private school not registered in accordance with the present Regulations shall not enjoy the same

New Cargo of Red Cross Wheat Arrives

Left, cargo of American Red Cross cracked wheat arrives at Shanghai on the steamer Andrea Luckenback from San Francisco. Right, is W. Wesselius, representative of the American Red Cross at Washington, who has general supervision over relief measures both in Free China and Japanese-occupied areas. The ship is the American President Lines freighter, Tampa, on which Mr. Wesselius went to Hongkong, following a recent visit to the American Red Cross committee in Shanghai.

treatment as those in institutions which have been duly registered."

There was at first naturally much opposition and objection to this attitude of the National Government, but the Powers had no choice but to abide by the laws of the land. Most of the mission schools have registered with the Chinese Government and those which have not are finding it difficult to carry on. Religious subjects in mission schools are now selective.

In short, the practice of founding mission schools in China on the part of foreign missionaries is not a right based on any treaty stipulation and is merely a matter of practice. Moreover, since they have obeyed the registry regulations imposed by the National Government, there can be no legitimate appeal to usage for their claim that the establishment of mission schools is a right belonging to them by force of practice and usage.

The matter can only be treated as a problem of China's domestic administration. If, therefore, the National Government should find it necessary for the sake of peace and order or from the standpoint of educational policy to interfere in the internal affairs of mission schools or even to cancel their licenses, it would not be violating any existing treaty or law. It is even a duty on the part of the Chinese nation, at a time when the China Affair is in the process of development, to strengthen its control over mission schools in the combat or occupied areas, so that they would not be dragged into the melee.

U.S. Navy Said Asking For Censorship Act

The U. S. Navy has prepared a bill for presentation to Congress designed to bring about censorship of all incoming and out-going radio and cable messages, **Transocean** reported from Washington on July 25. The German agency said that President Roosevelt had given his approval to the measure.

Healthy Children are Happy.

A safe and reliable means to ensure happiness for children is by correcting their minor health troubles with Baby's Own Tablets.

Baby's Own Tablets.

are the prescription of a British child-specialist. Absolutely pure and safe for children of all ages, these Tablets are a specific for stomach, teething and bowel troubles; they expel worms and

Keep Children Well.

Our Specialty:

PACKING

of

Household Effects and Curios.

TRUCKING • LIGHTERAGE • LAUNCHES • STORAGE • BAGGAGE DELIVERY • SHIPPING • CUSTOM BROKERS • INSURANCE •

SHANGHAI STEVEDORING CO.

FED. INC., U.S.A.

51 Canton Road Phone 11455

THE AMERICAN EXPRESS CO., INC

INTERNATIONAL BANKERS & TRAVEL AGENTS

BANKING IN ALL ITS PHASES

Documentary Credits
Collections
Foreign Exchange
Checking & Savings Accounts
Time Deposits
Travellers Letters of Credit
Travelers Cheques
Remittances

TRAVEL

Air — Sea — Rail Reservations
with every need foreseen

Shanghai Office:
158 Kiukiang Road
Tel. 16278

and over eighty other offices throughout the World

ANOTHER BRAND NEW PRODUCT:

BAKERITE'S SPICE BISCUITS

Aromatic, crisp and delicious. They melt in your mouth!

CHOCOLATE SHOPS

A-C-D

FRUIT SALINE

中英菓子鹽

A Pleasant, Cooling, Effervescent Salt

A simple corrective for Indigestion, Headache, Biliousness, Constipation, Liver and Kidney Disorders.

THE ANGLO-CHINESE DISPENSARY

MANUFACTURING CHEMISTS
SHANGHAI

Congress Asked to Appropriate An Additional 8 Billions for Defense

A record appropriation of U.S.$8,063,000,000 for the United States army, navy and Maritime Commission was recommended to the House of Representatives by the Appropriations Committee last week. This recommended outlay, which will unquestionably be voted by a defense-conscious Congress, will swell to $15,328,000,000 the funds made available to the armed forces for the fiscal year which opened on July 1.

Out of the new pending appropriation, $4,760,000,000 will be earmarked for the army for purchase of equipment and the maintenance of a land force of 1,727,000 men, 309,000 more than the present strength. Part of the equipment is to consist of $3,409,000,000 worth of reserve ammunition and munition dumps, as well as tanks, anti-aircraft guns and artillery.

More Ships Wanted

Funds amounting to $1,698,000,000 were recommended for use in construction of 541 freighters and the acquisition of 350 others to meet the serious shortage of ships created by the Lease and Lend Act. More than 2,300,000 tons of shipping has already been transferred to lease and lend traffic in the North Atlantic, while American merchantmen have been or will shortly be withdrawn from domestic service and chartered by Britain for Red Sea service.

The navy will receive $1,569,000,000, including money for increasing the enlisted strength from 250,000 to 369,000 men in order to provide crews for the expanding fleet and to increase the Marines from 46,000, to 75,000 men.

The naval funds, according to **United Press** reports, also include $300,000,000 for the construction and improvement of shore bases, many of which are on outlying islands. Another $300,000,000 will go for expanding naval shipbuilding facilities, with $125,000,000 for new ordnance production facilities. The sum of $160,000,000 is earmarked for additional ship repair facilities, while $350,000 will finance an increase in the naval intelligence staff. One item of $1,800 is for the maintenance of an observer at Dakar, French West African port.

Weapons Will be Needed

Ominous was the remark made to the Committee by Mr. Robert Patterson, Under-Secretary of War. He asserted that the army request for $1,300,000,000 for ordnance weapons was made in order "to form pool items which will be needed, we are quite sure, as things get more serious or if we go into actual conflict."

Meanwhile, the Senate Military Affairs Committee on July 25 voted by nine to one to authorize the War Department to maintain draftees, the National Guard and reservists under the colors after their year's service is up. The Committee also voted the statement that "national interests are in danger," but refused to accept the War Department's request that they proclaim a "state of national emergency" which would give the President almost unlimited powers.

From England, Mr. Harry Hopkins, President Roosevelt's personal envoy to Britain, in a radio speech announced that "waves of ships, thousands of flying fortresses, and mountains of food supplies will be sent to Great Britain from the United States in the near future." He further proclaimed that the American people are determined to crush Hitler and that aid will be sent to both China and Russia.

Back in Washington, Secretary of Commerce Jesse Jones announced on July 22 that Albemarle Island, largest in the Galapagos group off the coast of Ecuador, has been leased by an American corporation which intends to develop the island. This announcement followed last week's revelation that the Reconstruction Finance Corporation loaned U.S.$500,000 to the Pacific Development Company to finance the improvement of Albemarle Island. The company intends to raise cattle, conduct mining and fishing operations, and also to purchase ships and establish communications between the island and continental United States.

A categorical denial of the report that the United States intends to occupy the Republic of Liberia, in West Africa, was issued by Under-Secretary of State Sumner Welles.

Commissioned

Felthan Watson, former U. S. District Attorney in Shanghai, recently was commissioned a Lieut.-Commander in the Naval Reserve, following graduation from the Army Industrial College in Washington, D. C. Lieut.-Com. Watson has been assigned to duty in the office of the Chief of Naval Operations at Washington. He was granted a furlough from the Department of Justice. He is a native of St. Louis, Missouri.

Raw Silk Stocks in U.S. Are Frozen

An order "freezing" all stocks of raw silk in the United States was issued in Washington on July 26, coincident with the freezing of Japanese assets. This step was taken to conserve raw silk stocks for defense purposes in view of the possibility that imports of this material from Japan might cease. Raw silk stocks in American warehouses were estimated at 153,000 bales, with 35,000 bales in factories. Average consumption of raw silk in the United States is about 5,000 bales a week.

Chengtu and Chungking Subjected To Japanese Aerial Bombardments

U.S. PROTESTS TO JAPAN ON BOMBING

A strong protest has been delivered to Japan by the United States Government in connection with a fresh and particularly violent aerial bombardment of Chungking on July 29. A bomb exploded close to the U.S. gunboat Tutuila, damaging a motor-dory of the warship which was anchored directly astern. Bombs also exploded close to the installation of the Standard-Vacuum oil company. The business district of Chungking suffered heavily in the raid. Chialing House was damaged, while two large bombs fell in the compound of the Soviet Embassy, damaging the main building and half demolishing a smaller structure.

In continuation of the Japanese aerial offensive against China, a fleet of 108 Japanese planes carried out extensive bombing raids over Szechwan Province on July 27, concentrating most of their attention on Chengtu, the provincial capital.

Chungking was under air-raid alarm for nearly nine hours on July 29, the longest on record, and the city was subjected to two attacks. Several bombs fell close to the residence of the British ambassador and in the neighborhood of the Soviet and British embassies. Most damage was caused in the western suburbs.

Except for sporadic skirmishes, there has been a general lull on the Sino-Japanese fronts. A Chungking military dispatch which reviewed the military situation for the past week, stated a fierce battle was developing near Ichang, in Hupeh province. The Japanese had brought up over 5,000 fresh troops and renewed their assault upon Chinese positions along the Wuchinshan-Tachinshan sectors. The Chinese claimed that previous Japanese assaults had been successfully repulsed, resulting in heavy losses to the invaders.

Another military dispatch from Chungking reported the withdrawal of large Japanese forces from northern Kiangsi and from the regions bordering on either bank of the Yangtsze River during the past week. These troops, the dispatch stated, were being sent to Shanghai en route to Japan, where they were to be reorganized to serve as spearheads for Japanese southward and northward advances. The Japanese were also reported to be abandoning their positions in the Nanchang-Kiukiang railway region, but to be holding Kiukiang for its strategic advantages. Taking advantage of the Japanese withdrawal, the Chinese were reported to have commenced a general attack upon the Japanese positions at Nanchang, provincial capital of Kiangsi.

According to another Chinese dispatch from Hongkong, the Japanese military authorities at Tientsin commandeered more than 50,000 Chinese laborers who are to be sent to Heilungkiang province and to the Siberian-Manchukuo borders for defense work.

During the raid on Chungking on July 27, Japanese bombers swept across the edge of Greater Chungking but did not bomb the area. They circled over Tungliang and Hochwan, close to Chungking, which they bombed. The bombers were escorted by many fighters, broke up into several formations, and cruised over Hochwan, Tungliang and Suining until they finally reached Chengtu. The raiders also bombed Kwangan on their return flight.

During an air battle, the Chinese claimed to have shot down two Japanese planes and damaged several others. The Chinese dispatch stated that all Chinese planes returned safely to their bases.

The Soviet Embassy suffered slight damage during the raid, while the British Embassy was rocked by bomb explosions.

A Chinese dispatch from Chungking reported that traffic facilities on the Yunnan-Burma highway had been greatly increased to facilitate transportation of newly-arrived American war supplies which consisted mainly of airplane parts, vehicles and some heavy artillery pieces. About 80 heavy trucks were being commissioned to carry the load from Lashio, on the Burma border, to Yunnan province.

The roadway and the anti-aircraft defences along the route as well as at the principal bridges, are reported to have been improved under expert American and British technical supervision.

Mrs. Roosevelt And Friend

Chinese children participate in American fund-raising campaigns for China relief. Above is Mrs. Franklin D. Roosevelt and little Carol Chow, daughter of a prominent Chinese in San Francisco, at a "rice bowl" ball. A Kuomin report from Chungking on July 18 told of another Chinese girl, Miss Hsieh Miao-ling, at Washington, D. C., who raised the sum of U.S.$1,000 through the sale of toys which she had made with her own hands. The entire sum was donated to the Chinese Government for relief through Madame Chiang Kai-shek.

For Your

Travelling in China and Abroad

consult

the

CHINA TRAVEL SERVICE

General Tourist Agents

420, Szechuen Road, Shanghai

Tel. 13450 *(private exch. to all depts.)*

Washington Reports Show Serious Situation in South America

The South American situation is becoming increasingly grave, congressional leaders feel, according to a July 24 **United Press** report from Washington.

Following secret statements made to the House Military Affairs Committee by General George Marshall, chief-of-staff of the United States Army, Representative Andrew May, chairman of the committee, stated that the situation is more serious than the general public understands. Also following this secret session, Mr. Grenville Clark, chairman of the National Emergency Committee on Military Training Camps, stated that "press reports provide a straw in the wind" and that the "situation in Argentina, Brazil and Uruguay is well-known."

Cause for congressional unrest over South America may come in part from the recent raid on a reputed Nazi headquarters in Buenos Aires. Members of the Taborda Committee investigating subversive activities, on July 23 raided the Edificto Naco Germanico and seized documents which may reveal Nazi infiltration into Argentina and a connection of Buenos Aires Germans with the recently thwarted Bolivian putsch. The Edificto Naco Germanico houses the German Embassy, Consulate and other German organizations.

Activities of Nazis

In Cuba and Bolivia, Nazi activity was also recently ferreted out. In Havana, the special espionage investigation division of the Federal Police on July 23 arrested a suspected Nazi spy, Henry Albert Grondon, but failed to capture members of his family, likewise wanted by police. Grondon is reported to have a German army commission.

At the same time, J. S. Eliakin, cracker factory proprietor blacklisted by the United States Government, approached the Cuban authorities with an offer to submit evidence implicating numerous individuals in Nazi activities in the island. The offer was made in order to clear himself from the blacklist.

In La Paz, Major Belmonte, former Bolivian military Attaché to Berlin, was stripped of his rank and expelled from the army on July 25. The major was one of the leaders of the abortive seditious movement which was discovered a few days ago and which resulted in the expulsion of the German minister to Bolivia.

Another worry to Americans seeking hemisphere solidarity is the renewed outbreak of border fighting between Peru and Ecuador despite mediation attempts made by the United States, Brazil, and Argentina.

Border Fighting

Peruvian troops on July 23 are reported to have started a general attack on a 12-mile front on the southern frontier of Ecuador but were repulsed and driven out of several of their own outposts. Minor frontier clashes were also said to have occurred on July 24. In these, the Peruvians claimed that 25 Ecuadorian soldiers were captured.

The dispute may soon be settled, however, since a peace proposal has already been made, while Ecuador has acknowledged a desire for third-power mediation. Argentina, Brazil, and the United States have suggested that further clashes be avoided by the establishment of a security belt on each side of the frontier between the two countries.

Accusations that Jaanese are fighting for Peru and that Axis powers are behind the clashes have not been commented on by American authorities.

Meanwhile a race riot between Latin American and British West Indian laborers broke out in the Panama Canal zone on July 25. The men involved were workmen making repairs on the Gatun locks. The riot, reputedly participated in by 3,000 men, was quelled by police authorities.

Axis Endorses Japan's New Grab

Although official German and Italian comment on Japan's latest grabs in French Indo-China has been lacking, the European Axis press leaves no doubt that Japan's latest move has full approval in that quarter and took place with prior Axis assent.

The **Deutsche Allgemeine Zeiting**, according to **Transocean**, declared that Britain and America had been preparing for French Indo-China the fate that recently befell Syria. "Dollar imperialism, with British cooperation, wanted to get a foothold on the mainland of Asia by breaking into the French colonial empire," this paper asserted.

America's condemnation of Japan's action in forestalling this design, the paper went on to say, was "amusing" when coming from the U. S. Under-Secretary of State, "whose President is gathering strategic islands all over the world."

Writing in Mussolini's organ, the **Giornale d'Italia**, Virginio Gayda asserted that as early as July 15 Japan had informed Berlin and Rome of the impending Japanese occupation of bases in southern French Indo-China, adding that the occupation took place with the full consent of the German and Italian governments. The writer stressed the fact that Japan has now advanced to the threshold of Singapore and the Philippines and approached closer to the Netherlands East Indies.

Ship's Cargo Released But Another is Held

Machinery removed by the Japanese river gendarmerie from the Butterfield and Swire coastal steamer Kwangtung, was unconditionally returned to its Netherlands owners on July 25, Japanese authorities announced. It will be recalled that the Kwangtung, carrying 900 tons of the machinery in 739 boxes, was held by the Japanese from July 10 to 19. Upon ascertaining the true Netherlands ownership of the cargo, the Japanese are said to have demanded that the purchase price for the machinery be turned over to them by the seller, the Bank of China, but this demand was not adhered to.

While the Kwangtung and its cargo have been released, the Hilda Moller has been detained by Nipponese authorities who claim 500 to 600 tons of cotton cloth and machinery aboard are Chungking-owned. The vessel was detained July 21 and will be held until all the cargo is unloaded.

Puppet General Dies In Airplane Crash

Major-General Hsia Chi-chang, chief-of-staff of the Nanking Government's Pacification Corps, died in a Hankow hospital on July 29, following a "faulty landing" by the Japanese airliner which had transported him from Shanghai, **Domei** reported. All members of the plane's crew were injured. Major-Gen. Hsia was the only passenger aboard.

(Continued from Page 272)

now begun. They must make up for lost time and wrest the initiative from the aggressors. They must not allow the aggressors enough time to consolidate their gains and strike with strategic advantage.

It is now widely argued whether Japan would move southward or northward. Some people seem to assume that she is not in a position to strike in either or both directions and will possibly devote her further effort of aggression to attacking China alone. To my mind, we must carefully guard ourselves against making any calculation based upon such argument or assumption, because the aggressors are both opportunists and adventurers, and therefore are capable of all sudden and unpredictable actions. Any miscalculation on our part may entail grave consequences.

In respect to the assistance rendered China by her friends among the nations, the Chinese people will ever remember it with gratitude. Our neighbor Soviet Russia, America of the Western Hemisphere, and England, contending herself with the greatest adversity of circumstances, have all contributed generously to our support in resistance, thus encouraging and inspiring us. The Chinese Government and people will certainly act up to the trust put in them.

We hope and believe that there will be more effective collaboration between China and her friends. The aim is the same for all of us: President Roosevelt expressed it in terms of four freedoms which all humanity has the right to enjoy. It is my privilege to declare that the Chinese people is combating Japan not only for the negative purpose of putting an end to Japanese aggression but also as their means of contributing to a free world order of the future, to the civilization and prosperity of mankind. That is their great determination.

H. H. Kung Says China Will Fight to Finish

China is determined to fight Japan to the finish in order to make this a "war to end all war" and establish a better world, Dr. H. H. Kung, Chinese Finance Minister, declared on July 28 in an address broadcast to the United States from Chungking.

"Our hearts are filled with confidence that the ultimate victory will be ours. Under the leadership of Gen. Chiang Kai-shek our soldiers are courageous and determined. Our men, women and children meet hardships and make sacrifices cheerfully. All Chinese are looking forward to a victory by the democratic world. We pledge cooperation toward this end," Dr. Kung said. He thanked the United States for moral and material aid to China.

Renegade Ex-Red Forms Anti-Bolshevik Legion

Jacques Doriot, one-time leading official of the French Communist Party and now a pet of the Nazis is occupied France, is leading a campaign for the formation of a French Anti-Bolshevik Legion and has himself become one of its first members, **Transocean** reports from Paris. The Legion, a tool of the Nazis, is enrolling volunteers—presumably for some kind of service—with preference given to the unemployed. Their term of service, states **Transocean**, will last "until Bolshevism will have been annihilated." Doriot, prior to the era of the Popular Front, was Communist mayor of St. Denis, the great working-class suburb of Paris, and stood high in the ranks of Stalin's Comintern.

S. M. P. Dismisses Probationary Officer

The Shanghai Municipal Police announced on July 26 that Probationary-Sergeant, A. Wickdahl, had been dismissed "because of his failure to notify the Council of his departure from Shanghai." Wickdahl, who is an American, departed from Shanghai about a month ago in the ketch Sever, in which agroup of Shanghailanders are trying to cross the Pacific. He arrived in Shanghai in December last year on board a cargo steamer and immediately joined the Police Department. He was on duty at the Bubbling Well barricade in May this year when a car carrying the wife of Woo Su-pao, head of No. 76 Jessfield Road, attempted to rush the barricade without submitting to the customary search. When Wickdahl ordered the chauffeur to stop the car, two bodyguards in the car drew their guns and fired on the Municipal Police, one bullet striking Wickdahl in the neck. Wickdahl quickly drew his revolver and fired on the Chinese bodyguards, killing both of them. As a result of the incident, Woo Su-pao, who is the leading Nanking political agent in the badlands, vowed to "get" two foreign police connected with the Bubbling Well Station. Although no official statement was issued, it was rumored that the Municipal authorities apologized for the incident and promised to discharge Wickdahl. It also was reported that the Settlement authorities promised to purchase a new car for Woo Su-pao, as the old one was badly riddled by S. M. P. bullets, but this report was not confirmed. The recent killing of Foreign Probationary Sergeant V. B. Simagin, a White Russian, by a gangster, was thought to have some connection with the Bubbling Well incident. The Fourth Marines maintained a special force at the barricade for several days following the shooting last May.

"MIDLAND" STAMP PAD AND INK

- MIDLAND STAMP PAD, a durable and ever-moist pad, comes in two sizes:
  (A) 11½ c.m. X 7½ c.m. X 2 c.m.
  (B) 9½ c.m. X 5½ c.m. X 2 c.m.
- MIDLAND STAMP PADS are prepared in six different colors —white, violet, blue, black, green and red.
- MIDLAND STAMP INK is made for two purposes: rubber stamps and metallic type. Both Stamp Ink and Metallic Ink come in five colors—violet, blue, black, green and red.

Obtainable at all bookstores and stationery shops.
For special orders communicate with

CHINA MIDLAND FACTORY
ESTABLISHED IN 1935
MANUFACTURERS OF CARBON PAPER, STENCIL PAPER, PASTE, MUCILAGE, PENHOLDERS AND INK.
48 Rue Admiral Bayle, Shanghai, China
Phone 86734
Cable "5796"

Outdoor Health for the Indoor Man.

Sunlight and fresh air are two of nature's most important aids to all-round manly fitness. How often though your work demands long hours spent indoors with the result that your health cannot be left entirely to nature's care.

Internal cleanliness is essential to health, and to ensure this an occasional dose of Pinkettes is usually all that is needed. To dispel constipation, liverishness, bilousness, to purify the breath and prevent 'furry-tongue', to increase energy and joie-de-vivre, take Pinkettes, the tiny laxative pills for men and women. Obtainable at all chemists,

PINKETTES
KEEP YOU WELL

PEOPLE IN THE NEWS

Major-General E. F. Norton has been appointed Colonel Commandant of the Hongkong-Singapore Royal Artillery, stationed at Hongkong.

•

Major-General Jose Luis Amezcua, recently appointed Mexican minister to Japan, arrived in Tokyo on July 27. He was accompanied by his family.

•

Dr. Roberto Geatelli and Signor A. Pistoso, Italian experts on the works of Leonardo da Vinci, arrived in Tokyo on July 27, for the purpose of arranging an exhibit of the paintings of the famous Italian artist.

•

M. Henri Cosme, French Ambassador to China, who arrived in Shanghai several weeks ago from Chungking, has gone to Peiping.

•

A. T. Steele, correspondent for **Chicago Daily News**, who was transferred to Moscow, arrived in Chungking on Monday of this week and was scheduled to depart for Russia by airplane on Wednesday, July 30.

•

Major-General Georges Bagulescu, recently appointed Rumanian minister to Japan and also instructed to act concurrently as minister to Nanking, presented his credentials to Wang Ching-wei this week.

•

Hurrev Gerede, Turkish Ambassador to Japan, narrowly escaped injury when one of the buildings occupied by the Turkish Embassy in Tokyo was burned to the ground on Sunday, July 27. The cause of the fire was unknown.

•

Carl Randau, correspondent for the newspaper "PM" of New York, who has been in Shanghai for several weeks, departed on Sunday, July 27, for Hanoi, French Indo-China. He was accompanied by Mrs. Randau.

•

Charles Richardson, Jr., U.S. Marshal at Shangai, departed for Hongkong last week to board the Clipper plane for a brief trip to the United States. He planned to be absent from Shanghai for about six weeks. Sam Titlebaum, Deputy Marshal, will serve in Mr. Richardson's absence.

•

C. A. Haley has been appointed to the Municipal Council of the International Settlement in place of G. E. Mitchell, who has resigned due to his early departure from Shanghai on furlough. Mr. Haley is vice-chairman of Imperial Chemical Industries (China) Ltd.

•

The official **Domei** service announced on Monday of this week that Lieut.-General Shigeru Sawada, commander-in-chief of Japanese forces in the Shanghai area, had made an inspection of various "Model Peace" districts at Quinsan, Soochow, Changshu and Tangchen.

•

Henry F. Grady, former U. S. Assistant Secretary of State and Under-Secretary of Commerce and member of Maritime Commission, has been appointed special representative of the Federal Loan Agency in the Philippines, Netherlands East Indies, China, Burma and British Malaya "in connection with production and movement of strategic and essential materials." The announcement of Mr. Grady's appointment was made by Jesse Jones, Secretary of Commerce. Mr. Grady also will represent U. S. federal agencies, Metal Reserves Company, Rubber Reserves Company and Defense Supply Company.

Madame Kamladevi, member of the executive committee of the Indian National Congress, who arrived in Shanghai last week from the United States and Great Britain, was scheduled to address the members of the Sino-Foreign Club on Friday evening, August 1, on the subject, "New Trends in India." The meeting was scheduled for 7:30 o'clock at the Chinese Y.M.C.A. and was to be preceded by dinner.

•

Marx Dormoy, who served as Minister of Interior in the Leon Blum cabinet in France, was killed by the explosion of an infernal machine which had been secreted in his room at a hotel in Montelimar, Rhone Department, according to **Transocean** report from Vichy on July 26. The hotel room was completely wrecked by the explosion. Dormay was leader of the Popular Front Movement in Paris before the Nazi occupation. He was a Jew and member of the Sccialist Party and had been living under police surveillance for some time.

•

Dr. Sao-ke Alfred Sze, former Chinese ambassador to the United States, who has resided in Shanghai since his retirement several years ago, has been appointed a member of the United States-South American International Peace Commission. Senator Elbert D. Thomas, Democrat of Utah, was also appointed. The Commission will consist of five members and derives its authority from the 1940 Treaty and can act to settle all possible disputes between any two nations. Dr. Sze flew to the United States by Clipper plane last month.

Marquis F. M. Taliani de Marchio, Italian "Minister" to China, was expected to proceed to Nanking this week for the purpose of presenting his credentials to the Wang Ching-wei government. The Marquis arrived in Shanghai about three years ago, but upon instructions from Mussolini he did not go to Chungking to present his credentials to the National Government.

•

Madame Shao Li-tze, wife of the Chinese ambassador to Moscow, arrived at Alma Ata from Moscow on July 27 on her way home to China, according to a **Havas** message from Chungking. The report stated that Mrs. Shao was accompanied by the wives and children of five other members of the embassy staff. Ambassador Shao Li-tze was formerly connected with the editorial department of the **Shun Pao.**

•

M. Jean Coppin, who recently arrived in Shanghai from Indo-China, was appointed president of the French Consular-Court on July 24, according to official announcement this week. Mr. Coppin was general advocate in the Saigon tribunal before coming to Shanghai. He served in the French Army in World War I as a private, rising to the rank of lieutenant at the end of the war. He was awarded the Cross of the Legion of Honor. Upon completion of his law studies he went to Indo-China and was appointed president of the Commercial Tribunal at Saigon in 1927. Later he was transferred to Tientsin, but returned to Indo-China. He was mobilized in 1939 as colonel of the 11th Colonial Infantry, and again in the Thailand-Indo-China hostilities, but was unable to serve due to an attack of malaria. He succeeds M. R. Kauffman, former head of the French Consular Court here.

CYMA WATCHES

Known the World Over For Quality and Accuracy

Obtainable at All Leading Watchmakers and Department Stores

Sole Agent:

FAR EASTERN CLOCK & WATCH CO.

537 Nanking Rd., Shanghai

Tel. 92765

西姆表

世界馳名

準確無誤

中國總經理 南京路五三七號

遠東鐘表行 電話 九二七六五

各大鐘表行及百貨公司均有出售

EVENTS IN BRIEF

More than 200,000 Chinese residents of the South Sea islands attached their signatures to a message of respect which was presented to Gen. Chiang Kai-shek at Chungking on July 27. The message was bound in ten large volumes, which was exhibited for some time in Singapore before being sent by air to Chungking.

•

Two Chinese in Free China, one an official in the accounting department of the Hupeh Provincial Government, named Wang Sheng-hou, and a farmer, named Li Hsiang-wei, were executed following trials at Enshih, Hupeh, and Yuanling, Hunan last week. Wang Sheng-hou was convicted of smoking opium and Li Hsiang-wei was convicted of secretly raising opium poppies.

•

Liu Hai-sou, widely-known Chinese artist, is shortly holding an exhibit of his recent paintings in Singapore. Mr. Liu recently presented one of his paintings to the British Air Marshal, Sir Robert Brooke-Popham, commander-in-chief of the British Far Eastern forces. Two years ago he raised the sum of $1,000,000 through exhibitions and sale of his pictures in the South Seas Chinese communities, and donated the entire sum to the Central Government for relief of war refugees.

•

Van Yung-wo, manager of a hardware store in the International Settlement, was fined CN$500 in the First Special District Court on July 23 on a charge of manufacturing a large number of opium pipes. Two clerks in Van's shop, who also were arrested, were ordered released. When the police searched Van's shop at 22 Hankow Road, following his arrest, they found 173 boxes for holding raw opium, 240 oil lamps for "cooking" the drug, and numerous other articles, including pipes, for use of opium smokers.

•

The Russian Emigrants Committee, Japanese-controlled organization, announced on July 27 that Russian teachers who are not registered with the organization, will not be permitted to teach in local Russian emigre schools this fall. The report in the Russian papers stated that the action was directed against teachers "whose beliefs do not exactly coincide with those of the Committee." Those who register must produce a certificate showing they are qualified to teach the particular subject or subjects in which they plan to specialize. According to reports in Russian circles this week, the move is directed against teachers suspected of having "pro-Soviet" inclinations.

•

Three Chinese curio dealers, Ping Chia-ling, Chu Feng-po and Chou Ah-lu, were fined CN$200 each and their paraphernalia ordered confiscated, in the First Special District Court on July 24 on a charge of minting imitations of ancient Chinese coins, which they allegedly had been selling to foreigners. It was revealed at the hearing that one foreigner had paid the trio the sum of $4,500 for certain coins which he was assured were genuine antiques. Numerous imitations of rare coins had been sold at the Canton Road emporium for prices ranging from $20 to $200, according to the police report. Imitations of the rare "sun-ray-sea-gull" Sun Yat-sen dollar, which was minted but never placed in circulation, were selling at the bazaar for $60. The coins were said to be made of good silver. It was alleged that the chief culprit was a man named Li Chung-ching, a sculptor, who allegedly made the moulds.

A Japanese war film, entitled "Japan's Eagles," made in the German style, showing the bombing of Chinese towns and villages, was exhibited at a gala performance at the largest moving picture house in Rome on July 30. The film was made by the Toho Film Company, and according to a description by the German **Transocean** news agency, it "glorifies the heroic deeds of the Japanese air force in the war against China." Many leading Japanese actors appear in the picture.

•

The German **Transocean** news agency was convicted and fined US$1,000 in a jury trial in Washington, D. C. on July 26, for failure to register with the State Department as an agent of a foreign government. **Transocean's** lawyers appealed against the fine on the grounds that the organization lacks funds, but Judge Whitfield Davidson said that the German news agency had expended US$150,000 in the United States in the past year, hence could not be judged as paupers. The defense attorneys said they would appeal to a higher court. Under a law passed by Congress two years ago all agents of foreign governments functioning in the United States must register with the State Department.

•

The Ministry of Education at Chungking announced on July 27 that 5,585 students received diplomas this year from governmental and private universities in Free China, of which number those specializing in civil engineering lead with 1,390 graduates. The ministry announced that 1,177 students had been placed in various governmental departments and factories, while 400 medical and pharmaceutical graduates had received positions in the War Ministry and National Health Service. It was hoped to find positions for all graduates in some branch of the national reconstruction program.

•

The Japanese military organ, **Tairiku Shimpo** reported that the Shanghai Special Municipality had called a "propaganda conference" for Monday of this week, "for the purpose of launching a propaganda campaign against Chungking supporters." The report failed to disclose whether the campaign was to be directed against Franklin D. Roosevelt, Winston Churchill and Joseph Stalin. The Nanking **Central Press** also reported that the Chinese Municipality had instructed the administrative authorities of the 13 districts under its jurisdiction to make a "strict investigation" of all periodicals and newspapers published in the city of Shanghai.

For
Turkish and Domestic Blend
Smoke

Manufactured by
THE AXTON-FISHER TOBACCO CO.
Louisville, Ky., U.S.A.

WHEN YOU THINK OF PAINT THINK OF
CAMPBELL
PAINTS AND PAINT WORK
Everything the best
CAMPBELL PAINT CO.
1344 Avenue Foch
corner Hart Road
Phone : 34360

美商友邦人壽保險公司
WHOLE LIFE
LIFE INCOME BOND with INSURANCE
ENDOWMENT
EDUCATIONAL ENDOWMENT
ASIA LIFE INSURANCE COMPANY
17 The Bund
Shanghai

THE
NATIONAL
CITY BANK
of
NEW YORK

Established 1812

MAIN BRANCH
41 Kiukiang Road
Telephone 11500

SUB-BRANCH
121 Route Cardinal Mercier
(Cathay Mansions Building)
Telephone 77136

TYPEWRITERS, AUTOMOBILES Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of Lane 749, Yu Yuen Road, Tel. 20349.

Tan Chi-kiang, chairman of the Hsikang Provincial Assembly and concurrently member of the executive committee of the Kuomintang Party headquarters at Kangting (Tatsienlu), was drowned on Wednesday, July 23. He was 59 years old and was well known as the author of books on legal topics.

*

Cha Ping-chun, 80-year-old member of the War-Time Relief Commission at Chungking was killed in a Japanese bombing raid on the Chinese capital on July 10. His wife was injured at the same time. Gen. Chiang Kai-shek requested the National Government to issue a Mandate of Commendation in honor of Mr. Cha, who was a well-known gentryman of Fukien.

*

Madame Chiang Kai-shek received on July 25 a letter signed by 31 leading American women, who are members of the United China Relief Committee in the United States. The letter paid a high tribute to Chinese women for their war efforts. The letter was written on July 7, the anniversary of the outbreak of the "undeclared" war. The signatories included, Mrs. Carrie Chapman Catt, Miss Clare Boothe, Mrs. Pearl Buck, Miss Mildred H. McAfee, president of Wellesley College where Madame Chiang studied, Mrs. Wendell Willkie, Mrs. Ogden Reid, Mrs. Margaret Sangster, Mrs. J. Boardman Harriman, former United States minister to Norway, Mrs. Dwight Morrow, Mrs. Mary T. Norton, Democratic Representative from New Jersey, Miss Fanny Hurst, Miss Ida M. Tarbell, Mrs. William Henry Hayes, president of the Women's National Republican Club.

*

A. H. Tilton, deputy in charge of the Criminal Branch of the Western Shanghai Special Police, will depart from Shanghai shortly in order to join the Royal Air Force. The information regarding Mr. Tilton's early departure was included in police orders issued from Headquarters on Saturday, July 25. Prior to his transfer to the Western District Police, Mr. Tilton was a detective-inspector of the S.M.P.. He came to Shanghai in 1927 at the time of the Nationalist Revolution, joined the Criminal Branch and has been connected with that department for the past fourteen years. He is a native of Portsmouth, England, where he received his early training, prior to coming to Shanghai. Mrs. Tilton, who also is well known in the local foreign and Chinese communities, will return to Great Britain with her husband. Mr. Tilton had previous experience as an air pilot.

Dr. Wang Te-erh has been appointed director of the recently-organized Fukien Provincial Research Institute, with headquarters at the provincial wartime capital, Yungan. The Institute will maintain laboratories for research work in engineering, agriculture, afforestation, physics, chemistry, zoology, botany and geology. Annual expenditures will be fixed at CN$670,000.

*

The Nanking Central Press reported on July 28 that the Chinese Ratepayers Association in the French Concession had been reorganized and the regulations of the organization "completely revised." Under the new rules the executive committee will consist of 31 members and the old supervisory committee abolished. The original five Chinese members of the French Municipal Council were Chien Hsin-chih, Chang Chi-hsien, Chi Yun-ching, Chao Chih-yu and Tsu Hsing-jang. The report said that since Chien Hsin-chih and Chang Chi-hsien are absent from Shanghai, Kung Hsiang and Kong Chia-chi have been appointed to their positions on the French Municipal Council. The three other members will continue. Hsia Chi-feng will serve as chairman of the reorganized ratepayers and Huang Hsiang-ku will be vice-chairman. These two, with Chi Kung-yen, will also serve on the executive committee of thirty-one members.

*

The Rev. and Mrs. G. W. Bouldin, well-known American missionaries, who have been stationed in Japan for the past 35 years, have retired from active service in that country and returned to the United States. They were members of the Southern Baptist Foreign Mission Board and made their headquarters at Fukuoka, where Dr. Bouldin was dean of the seminary. When the Northern and Southern seminaries were united in 1910, Dr. and Mrs. Bouldin moved to Tokyo where they since resided. Aside from mission work, Dr. Bouldin was best known through his introduction into Japan of modern pig-raising. He not only introduced improved types of hogs into the country, but taught the Japanese how to slaughter pigs and make good ham, bacon and sausage. His pork products immediately became popular because the meat from native-raised pigs always had a "fish" flavor. Dr. Bouldin also established the Ninaoka Club, which became a popular summer recreational center at Gotemba.

*

Considerable interest was aroused by the publication in London on July 24 of the list of American securities which the British Government had provided as collateral for the loan which the Government had negotiated with the U. S. Reconstruction Finance Corporation. The loan amounted to US$425,000,000 and covered purchases in the United States. The collateral included American subsidiaries of Distillers, J. P. Coats, Dunlops and United Molasses, and the following: 133,000 shares of Ameriada Corporation, 133,000 shares of Armco, 56,000 shares of American Smelting, 70,000 shares of American Telephone and Telegraph, 57,000 shares of Eastman Kodak, 434,000 shares of General Motors, 177,000 shares of Radio Corporation of America, 47,000 shares of Sears Roebuck, 900,000 shares of Shell Union Oil, 130,000 shares of Socony-Vacuum, 315,000 shares of Standard Oil of Indiana, 170,000 shares of Standard Brands, 247,000 shares of Woolworth, 75,000 shares of Youngstown Sheet and Tube, 230,000 shares of American Celanese, 80,000 shares of Climax Molybdenum, 300,000 shares of Congoleum, 95,000 shares of Singer Manufacturing Company, and 180,000 shares of Standard Oil of New Jersey, etc. These shares had been requisitioned by the United Kingdom Treasury but were not yet realized on Wall Street.

SOCONY
EASY STARTING
QUICK PICK UP
POWER
GASOLINE
STANDARD-VACUUM OIL CO.

New Books of Interest in the Far East

Italy and the Far East

ITALY'S INTERESTS AND POLICIES IN THE FAR EAST—By Frank M. Tamagna. Institute of Pacific Relations, New York, 1941. Price, U.S.$1.00.

This is another volume of the Inquiry Series of the Institute of Pacific Relations. The other volumes deal with such subjects as "The Problem of Japanese Trade Expansion in the Post-War Situation," "Japanese Industry," "American Policy in the Far East: 1931-1940," "Australia's Interests and Policies in the Far East," "New Zealand's Interest and Policies in the Far East," "German Interests and Policies in the Far East," etc.

The author, who is instructor in economics at the Xavier University, Cincinnati, treats the subject in a scholarly manner. The book is divided into six chapters. The first chapter deals with Italy and the Far East before 1922, the second chapter is about Italy's political relations with China and Japan, 1922 to 1931, the third is about Italy's commercial relations with China and Japan, the fourth about Italy's relations with southeastern Asia, the fifth about economic interdependence of Italy and the Far East, and the sixth about Italian interests in the Far East.

In the first chapter, visits of missionaries to China, including Giovanni da Pian del Carpine (1245-47) and the Polos (1261-95) are described in detail. The author emphasizes the part played by the Italian Jesuit, Matteo Ricci, in the latter part of the sixteenth century. The first treaties signed by Italy in the Far East were the treaties of amity, trade and navigation with China and Japan in 1866. Italy signed similar treaties with Siam in 1868 and with Korea in 1884. It must also be pointed out that Italy was as ambitious as Britain in those early days in establishing naval bases and concessions. In 1873 the Italian Government dispatched warships to the coasts of New Guinea and Malaya to establish naval bases, but they turned back without fulfilling their mission. In 1899, Italians tried to lease San-men Bay in Chekiang but it was refused by the Chinese authorities. Angered by the Chinese refusal, Italy withdrew her minister, but diplomatic relations were not severed.

It was during the Boxer rebellion that the Italians, by participating in the joint expedition against Peking, succeeded in obtaining a concession in Tientsin. Italy received also 5.91 per cent of the total indemnity paid by the Chinese Government. However, up to the outbreak of the World War of 1914-1918, Italy's interests in the Far East were slight. In China, her interests were confined to the Tientsin Concession. It was not until 1919 that a Sino-Italian Bank was established. The other Italian bank organized in Tientsin was called the Banca Commerciale Industriale per l'Estremo Oriente. The Sino-Italian Bank was reorganized into the Italian Bank for China in 1925 and succeeded in forcing the Chinese Government to agree to a consolidation scheme for the Skoda loans of 1912-14.

For a short period of three years, from 1932 to 1935, Italy tried to cultivate China's friendship. In addition to cultural activities the Italian Government sent an aviation mission to China and presented to Generalissimo Chiang Kai-shek an airplane. However, this period of friendship and cooperation came to an end when Italy turned her attention to Japan in 1936. They became allies when Japan joined the Tripartite Alliance.

Italy's trade relations with the Far East are of no particular importance. Italy depends much on southeastern Asia for the supply of strategic materials but the Far East is not dependent upon Italy for any specific commodity or product. The declining importance of central and northeastern Asia in Italy's foreign trade is due to several factors, among which two should be especially mentioned: "(1) the decline of Italy as an an exporter of silk piece-goods brought about a decrease in Italy's purchases of raw and waste silk from China and Japan; and (2) the restrictions placed by the Italian Government on the importation of non-essential materials."

It is important to point out that Japan and Italy have competitive economies, "because of their similar geographical situation and of their analogous industrial development, complicated by over-population and shortage of raw materials, minerals and foodstuffs. Despite the fact that Italy produces many of the principal Chinese products (silk, oil seeds, antimony, manganese), the differing stages of development of the Italian and Chinese economics offer large opportunities for trade relations. These facts explain why the trade agreement between Italy and Japan was made possible only by the introduction of Manchukuo and Italian East Africa as intermediary parties in order to bring about a balance in the desired amount of barter trade."

In conclusion, it can only be said that Italy's interest in China is very limited and that she has never been a friend of China. In the early days, she tried to lease Chinese territory as did other imperialist countries. Later on, she joined the Boxer expedition and demanded a large indemnity from China. Recently, she joined hands with Japan, China's enemy, and extended recognition to the Nanking government organized by Japan.

Z. L.

A Struggle Lost

SCANDINAVIA: THE STRUGGLE FOR PEACE—By Alma Luise Olson. J. B. Lippincott Company, Philadelphia. 1940. Second Impression. Cloth, 378 pages, with index.

Scandinavia consists at present of five countries: Norway, Sweden, Denmark, Finland and Iceland. All five countries together have a population of sixteen and a half millions, of which Sweden, the most populous, has six millions. The five countries have a "will to peace" which is "resilient and stubborn." In 1917, during the World War, three of these nations formed a "union for neutrality;" and in the post-war years their emphasis became more and more one of cultural affinity.

This last is the main emphasis that Miss Olson has chosen to stress in her book, which seems to have appeared close upon the invasion of Denmark and Norway by the Germans in 1940; but probably the Russian war upon Finland

交通銀行

上海分行

BANK OF COMMUNICATIONS

SHANGHAI BRANCH:

999 Bubbling Well Road, Shanghai

With Branches and Sub-branches throughout China and Correspondents in all principal cities of the world. All kinds of Banking business transacted, including Savings and Trust business.

LOCAL SUB-BRANCHES:

438 Nanking Road
228 Boulevard de Deux Republiques
1708 Bubbling Well Road
889 Avenue Joffre

Your Need Is Dr. William's Pink Pills.

When you find yourself losing interest in things about you, when concentration becomes an effort and you are disinclined for work or play, when appetite is fickle and even slight exertion leaves you breathless, then is the time to look to the condition of your blood, for such troubles are the direct result of an impoverished state of the blood. To regain health and strength your blood must be built up in quality and quantity, and, for this purpose, there is nothing better than Dr. Williams' Pink Pills.

The prescription of a British physician, they have been proved by clinical tests to increase the number of red blood corpuscles and improve the haemoglobin content, haemoglobin being the substance in the blood which carries iron from the food digested and oxygen from the lungs to the cells of all the organs and tissues of the body.

Equally good for men and women of all ages, the tonic properties of Dr. Williams' Pink Pills are of great benefit to children in their 'teens who are not thriving as they should. Dr. Williams' Pink Pills are obtainable from chemists everywhere.

SWAN, CULBERTSON & FRITZ

Investment Bankers and Brokers in Securities and Commodities.

Daily New York and London Stock Exchange Service.

•

Sassoon House Telephone 11200

A.B.C. PRESS, SHANGHAI

Printing
in all its Branches

Your work
should bear
our imprint

prompted it. It carries the reader back to the days of Eric the Red and Lief the Lucky who sailed to America five hundred years before Columbus, and to Burnt Njal, the lawgiver of Iceland, country of the "oldest parliament in the world." It reminds him of the Scandinavian contributions to literature in such figures as Ibsen, Björnson, Strindberg, Selma Lagerlöf, Sigrid Undset, Knut Hamsun and Johan Bojer. It even gives three pages to a discussion of Hamlet the Dane, as Shakespeare portrayed him.

Each country is given independent treatment, yet Miss Olson's theme keeps recurring: that these five Scandinavian nations have kept trying to find a center of gravity in union as a peacetime cultural endeavor. In terms of organization it is juridical, not political, union they have sought. Sweden, to be sure, clung to the idea that "neutrality, to be effective, must be backed by strong defense measures." Finland did likewise. Denmark turned more completely to arbitration. Incidentally, Denmark was the only one of these countries that signed a non-aggression pact with Nazi Germany. And how much good did it do her, one might ask? Norway, too, has stood for arbitration, but, like Sweden, with a sense of the need of self-defense. And, we should add, how admirably the Norwegians have resisted in spirit the German attempt to dominate them.

These countries, according to Miss Olson, have wanted to play their proper part in international life, and not to shirk it. They entered the League of Nations as the best possible course, though they distrusted its coercive features. Miss Olson looks back to her first summer in Scandinavia in 1927: "The world as it is today might have been a little different had the Great Powers listened to the pleas of the humanitarians." It is not some new international organization that will solve the nations' problems, so much as the spirit of live and let live; and that spirit the Scandinavian nations have had.

D.R.

A Story of the Sea

FLAMES IN THE DARKNESS—A short story by Dr. Juan Marin; translated from the Spanish by Richard P. Butrick. Privately published in Shanghai.

Dr. Juan Marin, author of this volume, and many others, is Chilean charge d'affaires in China, and is widely known in Shanghai and throughout the Far East as a result of his writings, which range from short stories, novels and essays to drama, his latest production, published since "Flames in the Darkness," being "El Emperador Kwang Hsu," which apparently is his first dealing with a Far Eastern topic.

Dr. Marin easily qualifies as the most versatile of diplomats in the Far East or elsewhere, since he also has served his country as a naval officer, while by profession he is a qualified physician.

"Flames in the Darkness" is well worth reading and it can be read at one sitting as it contains only 80 pages. Richard P. Butrick, who has translated several of Dr. Marin's works, formerly served as a member of the American Consulate-General at Shanghai and is now counsellor of embassy at Peiping.

The story is of the sea. Juan Roca, politically-inclined student, graduate in arts from the University of San Felipe, was stranded in England when a political upheaval in his home country—Chile—made it possible for him to return home and even scores with his political opponents. But no ships were available, that is, none with destinations on the west coast of South America. He was forced to spend six months on the beach awaiting a ship, which was not so tedious, apparently, after he met Elizabeth, a blond..."she was rosy-cheeked with heavy and warm lips.... she had small breasts and eyes of a shade of green so extraordinary that even today thinking of them I cannot but think of the eternal sea...."

However, the reviewer must not tarry with Elizabeth. All good things must end, even the affair with the English barmaid. He obtained passage on the sailing ship "Birkdale," loaded with coal—wet coal—which later caught fire from spontaneous combustion.

This carries the reader to the main part of the story, which must be read to be appreciated: the Birkdale was wrecked and the men thrown on a lonely beach. The story shows how quickly men who are faced with imminent death lose the veneer of civilization that has taken the human race centuries to acquire.

Copies of "Flames in the Darkness," in English, as well as "El Emperador Kwang Hsu" in Spanish, are available in Shanghai.

B. J.

The Rise of a House

THE SASSOON DYNASTY—By Cecil Roth. London, 1940.

Cecil Roth, one of the most brilliant contemporary historians, famous for his "Short History of the Jewish "People," had his imagination captured by the history of the "House of Sassoon," uncrowned kings of the Near and Far East. In this compact 270-page volume he presents an authoritatively compiled genealogical record and a masterfully written and exciting story of the rise to power of the Sassoon family, in which he sees "an astonishing metamorphosis in the course of a single generation from Orientals of the Haroun-al-Raschid period to highly sophisticated members of the Marlborough House set in London."

The progenitor of the Sassoons was a Prince of the Captivity in Bagdad who held the office of Pasha's chief treasurer. A son born of his daughter married to the Sheik in 1793, was the famous David Sassoon, founder of the House of Sassoon. In 1832 he moved to Bombay and settled permanently there, striking deep roots in Indian soil by building up for himself a fabulous fortune. The progeny of his son, Elias David, took a decisive step in the history of the family and moved to England. Their rise in social status in England was stupendous. King Edward VII, when he was Prince of Wales, was on very intimate terms with the Sassoons of the third generation who gained prominence in society and as members of Parliament. They were promoted to the ranks of nobility, intermarried with the Rothschild family and produced offspring conspicuous for their aesthetic tastes and artistic sensibility.

This amazing story, vividly and picturesquely presented, will certainly appeal to all lovers of high-class reading matter.

A.G.

U.S. Army On the Alert in Hawaii

Headquarters of the U. S. Army in Hawaii announced on the night of July 25 that all troops in the Hawaiian Department had been ordered "on a training and precautionary alert status" effective immediately, **United Press** reported from Honolulu. Reports from various sources asserted that the fleet had left Pearl Harbor under sealed orders, but no confirmation or denial could be obtained in Washhington.

Col. Frank Knox, Secretary of the Navy, said he had anticipated a Japanese move in the Far East (referring to French Indo-China) and that the Navy was prepared. There was no question, he said, that if the Japanese proceed according to present plans which they have in mind, "there will be action."

THE FARMERS BANK OF CHINA

Paid up Capital: - - - - $10,000,000.00
Reserve Funds: - - - - $25,200,000.00

HEAD OFFICE:
CHUNGKING

Telegraphic Address:
"FARMERBANK"
CHUNGKING

BRANCHES AND SUB-BRANCHES THROUGHOUT CHINA

Farm Loans Granted and Banking Business of Every Description Transacted.

廣東銀行
有限公司
THE BANK OF CANTON, LTD.

(INCORPORATED IN HONGKONG)

HEAD OFFICE: HONGKONG

PAID-UP CAPITAL - - - - - - - - HK$7,761,220.00
GENERAL RESERVE - - - - - - - - HK$2,800,000.00

BRANCHES: SHANGHAI HANKOW CANTON TOISHAN BANGKOK

SUBSIDIARIES: SAN FRANCISCO MACAU

Agents in all principal cities of the world.

Every Description of Banking and Exchange Business transacted.

SHANGHAI OFFICE: 52 NINGPO ROAD

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China